



AR25

ANNUAL
REPORT
1971

TEXACO INC.

Directors

Arleigh Burke
Admiral, U.S. Navy (Ret.),
Counselor to Center for Strategic
and International Studies,
Georgetown University,
Washington, D.C.

Laurie W. Folmar
Senior Vice President, Texaco Inc.,
New York, N.Y.

Donald M. Graham
Chairman of the Board
and Chief Executive Officer of the
Continental Illinois National Bank and Trust Company
of Chicago, Ill.

Maurice F. Granville
Chairman of the Board and Chief Executive Officer,
Texaco Inc.,
New York, N.Y.

Henry U. Harris
Chairman of the Board of the stock brokerage firm
of Harris, Upham & Co. Incorporated,
New York, N.Y.

Gilbert W. Humphrey
Chairman of the Board of The Hanna Mining Company,
Cleveland, Ohio

Augustus C. Long
Chairman of the Executive Committee
of Texaco Inc.,
Miami, Fla.

Howard W. McCall, Jr.
President, Chemical New York Corporation
and Chemical Bank,
New York, N.Y.

John K. McKinley
President of Texaco Inc.,
New York, N.Y.

John I. Mingay
Senior Vice President, Texaco Inc.,
New York, N.Y.

Lester J. Norris
Honorary Chairman of the Board of the State Bank
of St. Charles, Ill.

George Parker, Jr.
Attorney, San Antonio, Texas

Ogden Phipps
Chairman of the Board
of Bessemer Securities Corporation,
New York, N.Y.

James H. Pipkin
Executive Vice President, Texaco Inc.,
Washington, D.C.

Dwight P. Robinson, Jr.
Consultant, Massachusetts Financial Services, Inc.
(investment adviser to Massachusetts Investors Trust,
Massachusetts Investors Growth Stock Fund,
and Massachusetts Income Development Fund),
Boston, Mass.

Robert V. Roosa
Partner in the private banking firm of
Brown Brothers Harriman & Company,
New York, N.Y.

Langbourne M. Williams
Chairman of the Executive Committee
of Freeport Minerals Company,
New York, N.Y.

Executive Committee

Augustus C. Long, Chairman
Arleigh Burke
Maurice F. Granville
Henry U. Harris
Howard W. McCall, Jr.
John K. McKinley
Lester J. Norris
Dwight P. Robinson, Jr.
Langbourne M. Williams

Stock Transfer Offices:

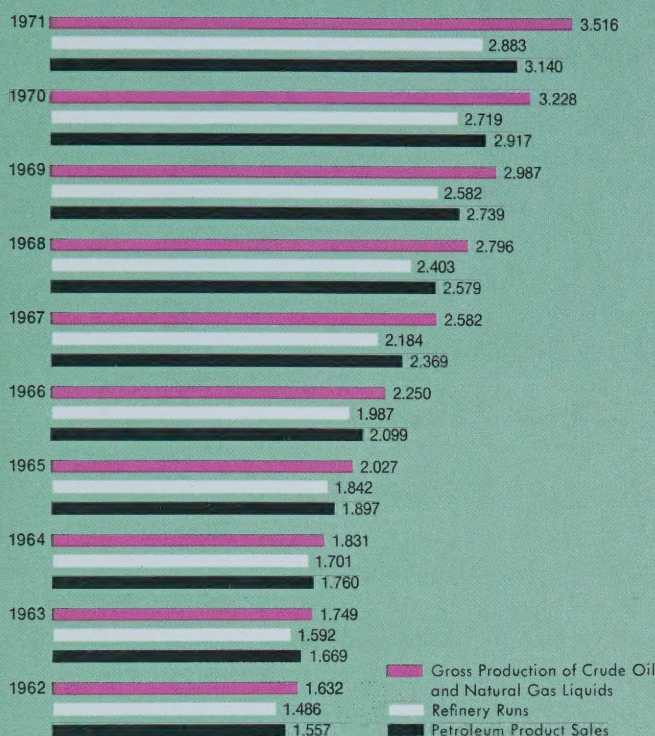
Texaco's offices in New York;
Continental Illinois National Bank and Trust Company of Chicago;
Montreal Trust Company, Toronto

Registrars:

The Chase Manhattan Bank, N.A., New York;
The First National Bank of Chicago;
The Royal Trust Company, Toronto

Balanced Operations

(millions of barrels a day)



Texaco Inc.

135 East 42nd Street, New York, N.Y. 10017

Annual Report for 1971

Texaco's 70th Year

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The use in this report of such terms as *Texaco, Company, organization, we, us, our* and *its*, when referring to Texaco Inc. or to subsidiaries and affiliates either individually or collectively is only for convenience and is not intended to be an accurate description of corporate relationships.

The Annual Meeting of Texaco stockholders will be held at The Drake Hotel, Chicago, Ill., on Tuesday, April 25, 1972. A formal notice of the meeting, together with a proxy statement and proxy form, will be mailed to stockholders under separate cover.

Highlights

Financial

	1971	1970
Gross income	\$ 8,077,348,000	\$ 6,777,340,000
Net income	\$ 903,868,000	\$ 822,016,000
Average number of shares outstanding	272,333,000	272,344,000
Per share	\$3.32	\$3.02
Cash dividends paid	\$ 435,732,000	\$ 435,768,000
Per share	\$1.60	\$1.60
Stockholders' equity	\$ 6,745,040,000	\$ 6,279,207,000
Total assets	\$10,933,292,000	\$ 9,923,786,000
Equity in total assets of nonsubsidiary companies	852,000,000	873,000,000
Total	\$11,785,292,000	\$10,796,786,000
Capital and exploratory expenditures	\$ 1,162,176,000	\$ 906,081,000

Operating—including equity in affiliates

Barrels a day	1971	1970
Gross production of crude oil and natural gas liquids:		
Western Hemisphere	1,332,000	1,354,000
Eastern Hemisphere	2,184,000	1,874,000
Total worldwide	3,516,000	3,228,000
Refinery runs:		
Western Hemisphere	1,573,000	1,521,000
Eastern Hemisphere	1,310,000	1,198,000
Total worldwide	2,883,000	2,719,000
Petroleum product sales:		
Western Hemisphere	1,680,000	1,645,000
Eastern Hemisphere	1,460,000	1,272,000
Total worldwide	3,140,000	2,917,000
Thousands of cubic feet a day		
Natural gas sales:		
United States	3,991,000	3,834,000
Outside United States	190,000	192,000
Total worldwide	4,181,000	4,026,000



Maurice F. Granville
Chairman of the Board
and Chief Executive Officer



John K. McKinley
President

To the Stockholders:

Despite somewhat depressed prices in the gasoline and fuel oil markets in the fourth quarter and unsettled conditions in the Middle East, Texaco enjoyed a record 1971 in earnings and all of its operations—producing, refining, and sales.

Consolidated net earnings were \$903,868,000 compared with \$822,016,000 in 1970, an increase of 10%. Production of crude oil and natural gas liquids averaged 3,516,000 barrels a day, an increase of 8.9% over 1970. Refinery runs amounted to 2,883,000 barrels a day, an increase of 6.0%. Petroleum product sales rose to 3,140,000 barrels a day, up 7.6%. Natural gas sales averaged 4,181,000,000 cubic feet a day, an increase of 3.8%. These operational figures include interests in affiliated companies.

Our sales efforts gained favorable response, and we are pleased to report that the popular acceptance of Texaco products has never been higher.

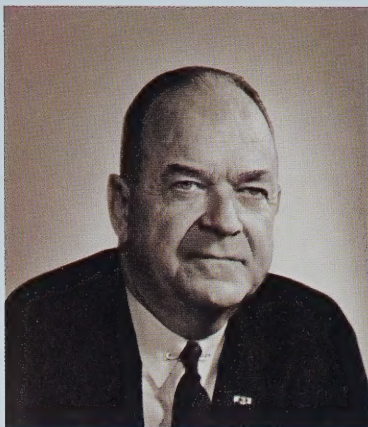
Demand for petroleum in the free world increased 5.5% compared with 8.5% in 1970. The somewhat slower rate of growth in 1971 resulted primarily from the combination of sluggish overall business activity in this country, Europe, and Japan and generally warmer weather in the primary heating markets.

The United States market gained 2.9% over the previous year. This was the smallest annual increase since 1964. In Western Europe demand was up 4.5% compared to about 11% in both 1969 and 1970. Japan continued to be a fast-growing market with an increase of about 10%, compared to almost 20% in 1970.

We estimate that the overall demand for petroleum in 1972 should increase by more than 7% to an average of about 45 million barrels a day. U.S. consumption is projected to rise by more than 5%, and Western Europe is expected to increase by some 7.3%.

The worldwide aspects of the international oil industry require that the interests of both the oil producing countries and the oil consuming countries be taken into account. The goals of the producing countries and the needs of the consuming countries are matters of real and continuing concern. To discharge their responsibilities effectively, international oil companies must operate in a business climate that both encourages the enormous investments required and permits a fair and adequate return on them.

Early in 1971, Texaco and other companies signed five-year agreements with certain Middle East countries that provided the producing countries with substantial additional revenues in exchange for assurances



Augustus C. Long
Chairman of the Executive Committee

of operational and financial stability. Other demands have been made on your Company and the other companies operating in this part of the world, and we hope the negotiations presently under way will be resolved amicably.

On December 31, 1971, Augustus C. Long retired as Chief Executive Officer of the Company. Mr. Long became a member of the Board of Directors in 1950 and held the positions of Chairman of the Board and Chief Executive Officer from 1956 to 1965, when he retired after 35 years of service. In 1970, at the request of the Board, he returned to active service and was elected Chairman of the Executive Committee and Chief Executive Officer. Texaco's remarkable growth during the past decade and a half is in many ways attributable to Mr. Long's extraordinary qualities of leadership, dedication, and foresight. He has laid a foundation on which the Company will continue to grow and prosper in the years

ahead. We are most pleased that Mr. Long will continue his association with the management as a member of the Board of Directors and as Chairman of its Executive Committee.

Marion J. Epley, Jr., retired as Chairman of the Board and a Director of the Company in April, 1971, following 24 years of service with the Company. During 1971, three other officers of the Company—John W. Green, Senior Vice President; W. Henry Ryer, Vice President; and Amzy B. Steed, Vice President and General Counsel—retired after long-term service. It is with deep regret that we report the death of Archie W. Baucum, Executive Vice President, on July 5, 1971.

Four new Directors were elected to the Board: Howard W. McCall, Jr., President of Chemical New York Corporation and Chemical Bank; John K. McKinley, President; James H. Pipkin, Executive Vice President; and John I. Mingay, Senior Vice President.

The report that follows comments on events and developments of the past year and gives details of the Company's preparedness for the years that lie ahead. Texaco has now entered its 71st year. From this vantage point we are able to view past accomplishments with a sense of pride, and we can look ahead with great confidence in Texaco's ability to increase its contributions to the progress and development of the countries in which we have operations. We deeply appreciate the continued loyalty of the many thousands of Texaco employees worldwide, and the confidence and support of our many stockholders.

Respectfully submitted,

By order of the Board of Directors,

A cursive signature of Maurice F. Granville in dark ink.

Maurice F. Granville, Chairman of the Board and
Chief Executive Officer

A cursive signature of John K. McKinley in dark ink.

John K. McKinley, President

March 8, 1972

Financial Review of 1971

Earnings and Dividends

In 1971, Texaco's 70th year, consolidated net income reached an all-time high. For the year ended December 31, 1971, net income amounted to \$903,868,000 as compared with \$822,016,000 for the year 1970. This represented an increase of \$81,852,000, or 10%. Net income per share in 1971 was \$3.32, compared with \$3.02 in the previous year. Earnings for the fourth quarter of 1971 totaled \$245,274,000, a decrease of 2.9% compared with earnings of \$252,545,000 for the same quarter in 1970.

Of total 1971 earnings, approximately 67%, or \$601,000,000, came from Western Hemisphere operations. Of the total, 49%, or \$440,000,000, came from United States operations and 18%, or \$161,000,000, came from other Western Hemisphere operations. The remaining 33%, or \$303,000,000, came from operations in the Eastern Hemisphere.

Cash dividends paid to the Company's stockholders totaled \$435,732,000 in 1971 and \$435,768,000 in 1970. On a per share basis, cash dividends were maintained at \$1.60 per share, the same as were paid in 1970. The year 1971 was the 69th consecutive year in which dividends were paid.

Gross Income

Consolidated gross income also reached a new high, exceeding eight billion dollars. The 1971 total of \$8,077,348,000 was 19.2% greater than the 1970 level of \$6,777,340,000.

Costs and Other Deductions

Costs and expenses, including income and other taxes, amounted to \$7,173,480,000 in 1971, an increase of 20.5% over the previous year. The rise in operating costs in 1971 was principally attributable to the expanding volume of operations and the continued effect of worldwide inflation and increased taxes abroad. The Company's long-standing program to control costs and expenses in all phases of operations helped to lessen the effect of these factors.

Taxes

Taxes paid or accrued by the Company and its subsidiaries both in the United States and abroad, including taxes collected from consumers for governmental agencies, rose to \$2,871,913,000 in 1971. This represented an increase of 15.1% over the taxes paid or accrued in 1970. The total amount was more than six times the amount of the total dividends paid to stockholders.

Taxes paid or accrued by nonsubsidiary companies, both in and outside the United States, totaled

approximately \$2.9 billion. Texaco's share of these taxes, based on its equity interest, was \$904 million.

Capital and Exploratory Expenditures

In 1971, capital and exploratory expenditures by Texaco and subsidiary companies were at a new high level, and exceeded one billion dollars for the second time in the Company's history. These expenditures totaled \$1,162,176,000, an increase of 28.3% over such expenditures of \$906,081,000 in 1970.

Over one-half of the 1971 expenditures were allocated to the search for and the development of new reserves of crude oil and natural gas, in order to maintain the Company's strong position in the basic raw materials of the petroleum industry.

In addition, the Company's equity in capital and exploratory expenditures by nonsubsidiary companies amounted to \$163,644,000 in 1971, compared with \$93,298,000 in 1970.

Financing

In June, 1971, the Company sold \$200,000,000 of 7¾% debentures, due June 1, 2001. The proceeds were used for general corporate purposes, including capital and exploratory expenditures and working capital.

Total Assets

At December 31, 1971, total assets, including equity in the total assets of nonsubsidiary companies, amounted to \$11,785,292,000, as compared with \$10,796,786,000 at December 31, 1970.

The Company and its consolidated subsidiaries had total assets of \$10,933,292,000 at year-end, compared with \$9,923,786,000 at the end of 1970. Of these total assets, approximately \$5,806,000,000, or 53%, were located in the United States; \$1,985,000,000, or 18%, in other areas of the Western Hemisphere; and \$3,142,000,000, or 29%, in the Eastern Hemisphere.

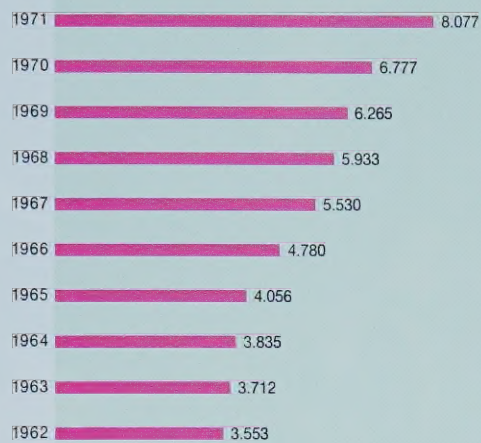
Equity in the total assets of nonsubsidiary companies was \$852,000,000 at the end of 1971, compared with \$873,000,000 at the end of 1970.

Capital and Exploratory Expenditures

	1971	1970
Producing	\$ 602,927,000	\$583,740,000
Manufacturing	157,274,000	95,745,000
Marketing	206,525,000	127,146,000
Marine	80,141,000	46,736,000
Pipe lines	48,516,000	16,259,000
Other	10,875,000	7,188,000
Total	\$1,106,258,000	\$876,814,000
Investments in and advances to nonsubsidiary companies	55,918,000	29,267,000
Total	\$1,162,176,000	\$906,081,000

Gross Income

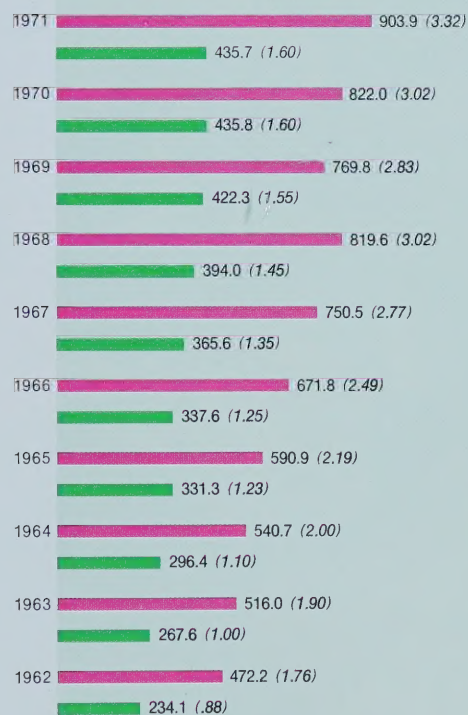
Billions of dollars



Net Income and Cash Dividends

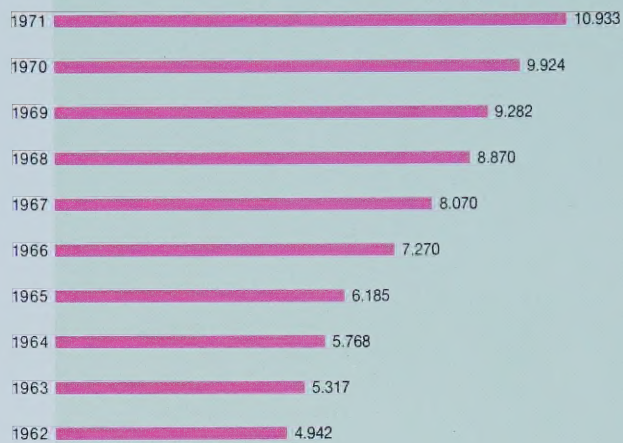
Millions of dollars

(Amount in parentheses in dollars per share)



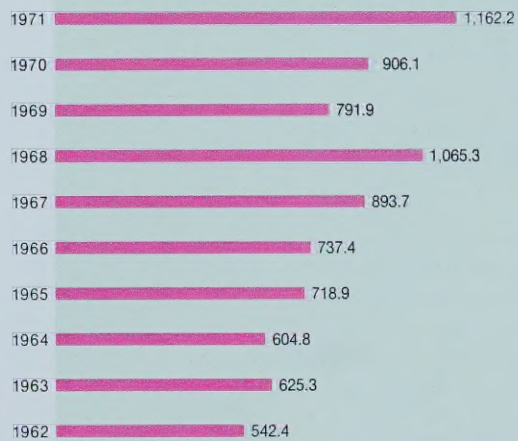
Total Assets

Billions of dollars



Capital and Exploratory Expenditures

Millions of dollars





Key

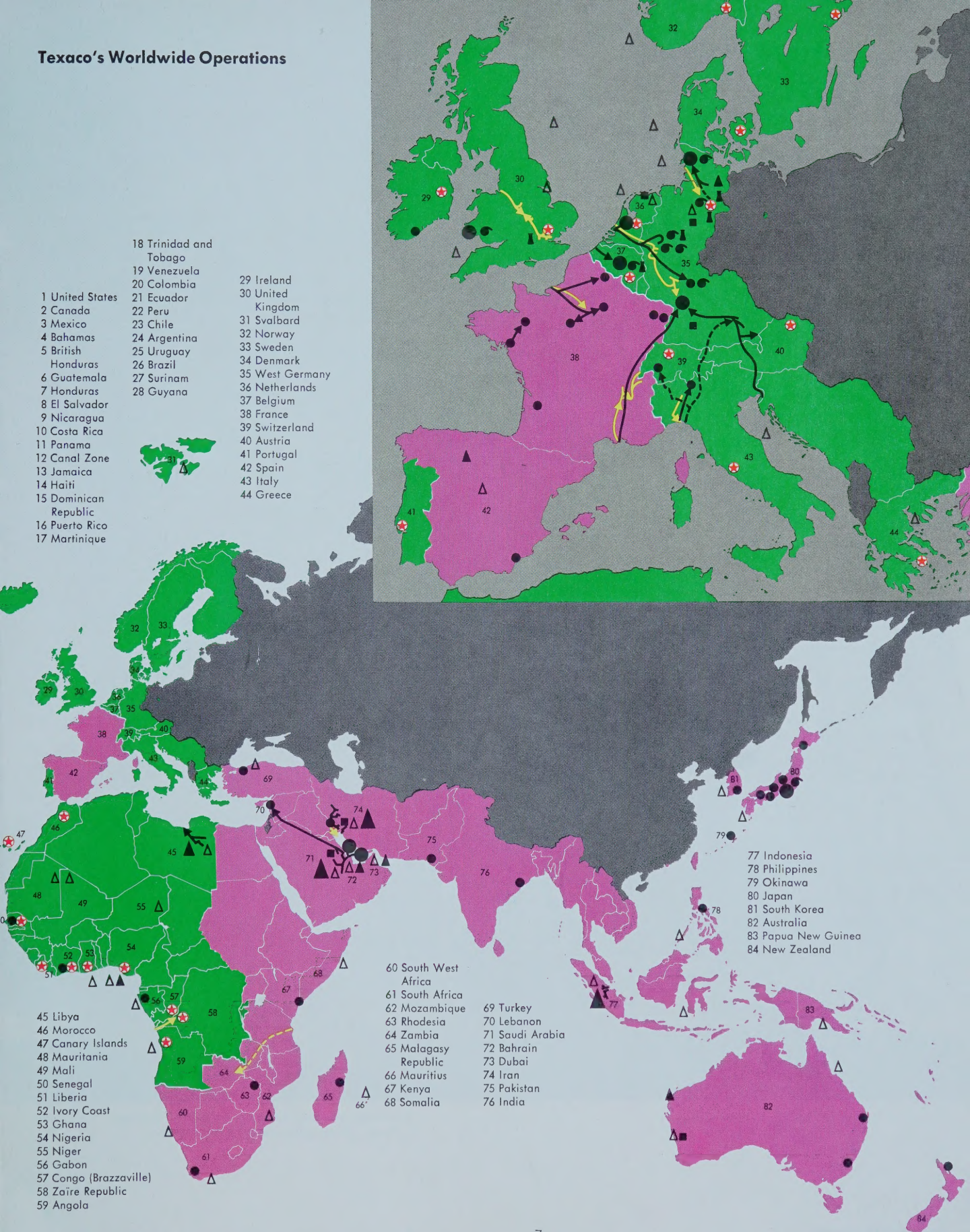
- △ Exploration
- ▲▲ Principal Oil Production*
- Principal Gas Operations
- Refineries*
- Planned Refineries
- Petrochemical Manufacture
- Marketing Areas—Texaco and Subsidiaries
- Marketing Areas—Texaco Subsidiaries and Affiliates
- ★ Principal Marketing Offices—Texaco and Subsidiaries
- ▲ Research Laboratories

- Principal Tanker Routes
- Crude Oil Pipe Lines (wholly or partly owned)
- - - Crude Oil Pipe Lines (used but not owned)
- Products Pipe Lines (wholly or partly owned)
- - - Products Pipe Lines (used but not owned)

*Size of symbols reflects volume of crude oil and natural gas liquids production or refinery capacity, including interests in affiliates: over 200,000; 50,000-200,000; under 50,000 barrels a day.

Texaco's Worldwide Operations

- | | | |
|-----------------------|------------------------|-------------------|
| 1 United States | 18 Trinidad and Tobago | 29 Ireland |
| 2 Canada | 19 Venezuela | 30 United Kingdom |
| 3 Mexico | 20 Colombia | 31 Svalbard |
| 4 Bahamas | 21 Ecuador | 32 Norway |
| 5 British Honduras | 22 Peru | 33 Sweden |
| 6 Guatemala | 23 Chile | 34 Denmark |
| 7 Honduras | 24 Argentina | 35 West Germany |
| 8 El Salvador | 25 Uruguay | 36 Netherlands |
| 9 Nicaragua | 26 Brazil | 37 Belgium |
| 10 Costa Rica | 27 Surinam | 38 France |
| 11 Panama | 28 Guyana | 39 Switzerland |
| 12 Canal Zone | | 40 Austria |
| 13 Jamaica | | 41 Portugal |
| 14 Haiti | | 42 Spain |
| 15 Dominican Republic | | 43 Italy |
| 16 Puerto Rico | | 44 Greece |
| 17 Martinique | | |





A multiwell producing platform, the first one installed by Texaco offshore Texas in the Gulf of Mexico.

Worldwide Operations

Exploration and Producing

Texaco's worldwide gross production of crude oil and natural gas liquids, including liftings in Saudi Arabia and Indonesia and equity in other affiliated companies, increased 8.9% in 1971 to an average of 3,516,000 barrels a day, compared with 3,228,000 barrels a day in 1970. Natural gas sales rose 3.8% to 4,181,000,000 cubic feet a day, compared with 4,026,000,000 cubic feet a day in 1970.

During 1971, Texaco conducted exploration activities in 43 countries: 10 in the Western Hemisphere and 33 in the Eastern Hemisphere. Texaco's petroleum production came from 17 countries: 6 in the Western Hemisphere and 11 in the Eastern Hemisphere.

Although Texaco's production rose to record levels during 1971 in response to increased worldwide demand for petroleum products, the Company was again successful in being able to add more reserves than were needed to replace current production of petroleum liquids. At year-end, Texaco's reserves of petroleum liquids were at all-time highs, both worldwide and in the United States.

United States: Gross production of crude oil and natural gas liquids, including Texaco's share in the production of affiliates, averaged 940,000 barrels a day, slightly above that of the preceding year. Production was considerably curtailed during the latter part of 1971 by a reduction in state allowables in Louisiana and Texas.

In the United States, Texaco produced petroleum in 21 states. Principal volumes of production came from Louisiana and Texas. The Company continued to place heavy emphasis on these two states, with special attention being given to exploratory and development drilling in state and Federal waters offshore Louisiana.

Effective mid-1971, Texaco's producing operations in the United States were reorganized into four regional departments: Southeast, Central, Rocky Mountains, and West Coast, with headquarters in New Orleans, Houston, Denver, and Los Angeles, respectively. This reorganization was designed to increase the effectiveness of the Company's continuing effort to meet increasing energy demand in the United States.

The Company conducted a widespread exploration program, which included wildcat drilling in a number of relatively unexplored areas of the country, as well as in the proven petroleum regions of the Gulf Coast, Southwest, Midwest, Rocky Mountains, and West Coast.

The Company drilled a total of 1,145 gross wells in the United States, compared with 1,569 drilled in 1970, a decrease of 27%. An excellent success ratio of 83.4%

was achieved by the completion of 955 of these wells as oil or gas producers. Of these successful completions, 12 were wildcat discoveries and 943 were field development wells. As an indication of the importance of marine areas, 8.5% of the total number of wells drilled in 1971 were drilled offshore.

During the year, Texaco acquired interests in 16 tracts offshore Louisiana in the Gulf of Mexico. These acquisitions include 100%-owned interests in two tracts, totaling 7,500 acres, acquired by competitive bidding, and the purchase of one-half or one-quarter interests in 14 additional tracts, totaling more than 63,000 gross acres. Fourteen of these tracts were drilled during the year, and four significant discoveries were made. In addition, five other wildcat wells had encouraging shows of hydrocarbons, and these shows are being evaluated by further drilling.

A total of seven drilling platforms and one production platform were installed on Texaco holdings offshore Louisiana during 1971. Additional drilling platforms are in an advanced stage of planning and design.

In Utah, a significant oil discovery was made in the northeastern part of the state. The field is already on production, and further exploratory and development drilling is being conducted in the area.

In California, Texaco continued its active exploration programs in the Central Valley region. Additional gas reserves were discovered on Texaco's leases in the Central Sacramento Valley area. At year-end, production from the San Ardo field in Monterey County was appreciably higher than production at the end of 1970. This increase was the result of a highly successful steam injection program and the drilling of additional development wells.

In October, the THUMS project, in which Texaco has a one-fifth interest, produced the 200 millionth barrel of oil from the offshore Long Beach unit of the East Wilmington oil field. Since its formation in 1965, THUMS has drilled 659 wells from four man-made islands and drill-sites in the commercial harbor district off the coast of Long Beach without damage to the marine ecology or the environment.

In the Santa Barbara Channel offshore California, the nine Federal leases in which Texaco has a 25% interest have been developed to the maximum extent possible under the present restrictions imposed by the Federal Government. Texaco's share of total production from these leases averaged 13,000 barrels a day during 1971.

In Alaska, Texaco conducted geophysical and surface geologic work in the Arctic, Central Alaska, and Gulf of Alaska regions. More extensive exploratory activity in the northern areas of Alaska has been delayed

pending resolution of environmental questions that have been raised by various conservation groups.

Sales of natural gas in the United States rose 4.1% to an average of 4.0 billion cubic feet a day, compared with 3.8 billion cubic feet a day in 1970. A new contract, calling for substantial sales of natural gas for power generation in southern Louisiana, went into effect on January 1, 1971. Deliveries from six additional offshore Louisiana fields began during the year. Offshore Texas, gas sales commenced from a Federal tract acquired in 1968, and a six-pile platform is being installed on a nearby tract with deliveries expected to begin in early 1972. A four-pile production platform was installed in the High Island Area offshore Texas and gas deliveries will begin during the first half of 1972.

Onshore, Texaco continued development of promising acreage in the Delaware Basin of West Texas. It completed the world's deepest producing well, which is producing natural gas at a depth of 21,837-23,040 feet in the Gomez (Ellenburger) field in this basin.

Gross production of natural gas liquids in the United States increased 6.4% to 92,000 barrels a day. An expansion of the Company's large Floodway Gas Processing Plant, near Morgan City, Louisiana, was completed in the latter part of the year. This plant utilizes one of the most advanced cryogenic processes available to separate natural gas liquids from raw natural gas at supercold temperatures. It is designed to recover 17,000 barrels a day of liquids from 700 million cubic feet of gas a day.

Other Western Hemisphere: Gross production of crude oil and natural gas liquids elsewhere in the Western Hemisphere, including equity in affiliates, averaged



A gas well was completed at a record producing depth of 23,040 feet at the Gomez field in West Texas.

392,000 barrels a day in 1971, compared with 415,000 barrels a day in the previous year.

Production from Canada increased 10.5% to 124,000 barrels a day. However, this gain did not entirely offset continuing natural declines in Venezuela and Trinidad. The production which Texaco will begin to obtain during the second half of 1972 from discoveries made in northeastern Ecuador will be a significant addition to its Western Hemisphere production.

Strong growth in demand for Canadian crude is expected to continue. Major expansions of producing and pipe line facilities are being made to enable Texaco to participate fully in this growth. During 1971, Texaco companies significantly increased their acreage holdings in Canada. These companies presently have important acreage holdings in five Canadian provinces and in the Northwest Territories, including the Canadian portion of the Arctic Slope.

Venezuelan production averaged 142,000 barrels a day. An important new field, in which Texaco holds a 50% interest, was discovered in eastern Venezuela on a 16,000-acre lease. Further drilling is planned.

In Trinidad, production averaged 59,000 barrels a day. An expanded program of exploratory drilling re-

Worldwide gross production —crude oil and natural gas liquids

(including the Company's liftings in Saudi Arabia and Indonesia and equity in other nonsubsidiary companies)

Barrels a day

Texaco and subsidiaries:	1971	1970
United States	932,000	932,000
Iran	255,000	209,000
Venezuela	141,000	167,000
Libya	131,000	162,000
Canada	124,000	112,000
Trinidad	59,000	67,000
Colombia	58,000	56,000
Germany	36,000	34,000
Australia	13,000	13,000
Dubai	13,000	8,000
Nigeria	5,000	1,000
Other	1,000	1,000
Total Texaco and subsidiaries	1,768,000	1,762,000
Nonsubsidiary companies:		
Saudi Arabia	1,333,000	1,039,000
Indonesia	360,000	369,000
Bahrain	37,000	38,000
Colombia	9,000	11,000
United States	8,000	7,000
Venezuela	1,000	2,000
Total nonsubsidiary companies	1,748,000	1,466,000
Total worldwide	3,516,000	3,228,000

sulted in the discovery of a small field in central Trinidad. Efforts were stepped up to arrest the natural decline in production, and secondary recovery activities continued at an accelerated pace. Operating rights were acquired late in the year on a 187,000-acre tract off the southeast coast of the island. Texaco has a 37.5% interest in this offshore acreage, and exploration will begin early in 1972.

Production in Colombia averaged 67,000 barrels a day, approximately the same as in 1970. Increases from the Putumayo region of southern Colombia, where Texaco has a 50% interest in production that went on stream in 1969, offset natural declines in the older producing areas.

Construction of the 318-mile Trans-Ecuadorian pipe line and the 52-mile gathering system proceeded well ahead of schedule during 1971. By year-end, approximately 85% of the main line was completed, and the related facilities and equipment were scheduled to be completed before mid-1972. This pipe line, in which Texaco has a 50% interest, will have an initial throughput capacity of 250,000 barrels a day and will move crude oil westward from the Amazon jungle over the Andes to the Pacific Coast port of Esmeraldas.

Texaco will have a 50% share of production of low to medium sulphur crude oils from these prolific Ecuadorian discoveries. The Company, as operator, has made 13 separate wildcat discoveries on these holdings and has drilled some 63 development wells since making the initial discovery in 1967. In addition, approximately 250 miles of roads were completed by year-end, opening the vast Amazon regions to development.

Eastern Hemisphere: Texaco's gross production in the Eastern Hemisphere, including interests in affiliates, increased 16.6% to a new high of 2,184,000 barrels a day, compared with 1,874,000 barrels a day in 1970.

In Saudi Arabia, Texaco's liftings from the 30%-owned Arabian American Oil Company (Aramco) rose to a record high of 1,333,000 barrels a day, compared with 1,039,000 barrels a day in 1970. Major expansions of production, pipe line, port, and terminal facilities were completed to support future production increases.

Texaco's production from Iran reached a new peak of 255,000 barrels a day, compared with 209,000 barrels a day in 1970. The Iranian Consortium, in which Texaco holds a 7% interest, is expanding the export capacity of the Kharg Island terminal. When new facilities are completed in 1972, it will be able to handle mammoth tankers up to 500,000 deadweight tons.

Texaco's 10% interest in production from Dubai, held through its subsidiary, Deutsche Texaco Aktiengesellschaft (DTA), averaged 13,000 barrels a day in 1971. Production from the Fateh Southwest field, discovered

offshore Dubai in 1971, together with expanded production from the Fateh field, will more than double Dubai production by early 1973.

Under the continuance of production cutbacks imposed by the Libyan Government, Texaco's production in Libya declined to an average of 131,000 barrels a day, compared with 162,000 barrels a day in 1970. Continuing exploration activity in Libya by American Overseas Petroleum Limited (Amoseas), a 50%-owned affiliate of Texaco, resulted in two oil discoveries in the vicinity of existing production and pipe line facilities. Negotiations were completed for the unitization of operating interests in the large Nafuora-Augila field where Amoseas will operate a water flood program for pressure maintenance to optimize recovery of crude.

Texaco's 50% interest in Nigerian production averaged 5,000 barrels a day from the Pennington field, following completion of repairs to facilities damaged by a storm in 1970. Exploratory drilling and geophysical work were conducted offshore Nigeria.

Elsewhere in Africa, Texaco continued its search for new sources of petroleum on its vast holdings on the African Continental Shelf and in the relatively unexplored areas of the Sahara. Marine geophysical surveys were conducted in offshore Gabon, Angola, South West Africa, South Africa, and Mauritius, and onshore surveys were made in Mauritania, Mali, Niger, Angola, and Somalia. Exploratory drilling was undertaken in offshore Ghana and Angola, and the first phase of development drilling was completed onshore Angola in the Cabeça de Cobra field, 25% owned by Texaco.

Texaco has made 13 wildcat discoveries and drilled 63 development wells on 50%-owned acreage in Ecuador.



Exploratory interests also were expanded by the acquisition of 5,900,000 acres in the Black Sea area of Turkey. An offshore geophysical survey was completed on this acreage.

An active program of exploration was conducted in many areas of Western Europe. Texaco acquired 480,000 acres in the United Kingdom, including a 54,000-acre tract in the North Sea Basin. Geophysical surveys were conducted offshore in the United Kingdom, Denmark, the Netherlands, Italy, and Greece, and onshore in Germany and Spain. Additional exploratory drilling was carried out on Texaco interests offshore Norway and in the Danish North Sea.

Two oil discoveries were made in the Danish waters of the North Sea and development drilling was commenced there. The first permanent drilling platform in

Danish waters was installed by the Danish Consortium, in which Texaco holds a 10% interest. Additional producing facilities are being installed in this area, and initial production is scheduled to begin in late spring, 1972.

Texaco contracted for the services of two semisubmersible drilling barges, which will be constructed to permit operations in severe weather conditions and in water depths up to 1,000 feet. Initial drilling assignments for these vessels will be in highly prospective areas of the North Sea, where an extensive exploratory drilling program has been planned.

Initial production was begun in the Netherlands in October with the startup of gas sales from the Akkrum gas field in the Friesland area. At year-end, Texaco's 50% interest in sales from this field amounted to about five million cubic feet of gas a day.

In West Germany, DTA's production of petroleum liquids averaged 36,000 barrels a day. Natural gas production increased to 14 million cubic feet a day. A new gas field, Inzenham West, was discovered, and gas sales from this field will begin in 1972.

In Indonesia, the Company's liftings from P. T. Caltex Pacific Indonesia (CPI), 50% owned by Texaco, averaged 360,000 barrels a day of low-sulphur crude, only slightly lower than the high level reached in 1970. In Central Sumatra, successful exploratory activity resulted in three discoveries which are significant owing to their ultimate reserve potential and proximity to existing producing facilities. Two previously discovered fields were placed on production during the year, and four additional fields are scheduled for production in 1972.

CPI obtained an extension of its contractual rights to operate its existing holdings from 1983, the previous expiration date, until the year 2001 under a new agreement with the Indonesian Government. In addition, Texaco's Central Sumatran holdings were enlarged by virtue of a 50% interest in a new contract area covering 5,488,000 acres in the Coastal Plains adjacent to CPI's existing contract area. Geophysical activity has commenced in this new area and exploratory drilling is in progress. Geophysical activity also continued on the 13,400,000-acre tract in the Java Sea, in which Texaco holds a 50% interest, and further exploratory activity is planned in 1972.

Texaco's two-sevenths interest in production from the Barrow Island field offshore Western Australia remained at about the same level as in 1970, averaging 13,000 barrels a day. Onshore in Western Australia, gas sales were commenced in October from the Dongara field through a newly constructed 254-mile, 14-inch pipe line to markets in the Perth area. An additional gas discovery is being further evaluated by de-

Worldwide refinery runs —crude oil, natural gas liquids, and distillates

(including interests in nonsubsidiary companies)

Barrels a day

<i>Texaco and subsidiaries:</i>	1971	1970
United States	995,000	948,000
Trinidad	331,000	354,000
Canada	145,000	140,000
United Kingdom	139,000	124,000
Belgium	116,000	110,000
Netherlands	83,000	78,000
Germany	74,000	68,000
Panama	27,000	—
Honduras	11,000	14,000
Guatemala	9,000	8,000
Other (Colombia and Venezuela)	7,000	6,000
Total Texaco and subsidiaries	1,937,000	1,850,000
<i>Nonsubsidiary companies:</i>		
<i>Caltex companies:</i>		
Far East	361,000	324,000
Middle East	133,000	131,000
Africa	28,000	22,000
Total Caltex companies	522,000	477,000
<i>Other companies:</i>		
Saudi Arabia	116,000	113,000
Germany	108,000	101,000
Venezuela	45,000	49,000
France	44,000	26,000
Spain	37,000	36,000
Iran	22,000	22,000
Turkey	17,000	10,000
Italy	13,000	14,000
Ireland	12,000	12,000
Other (Colombia, Martinique, Switzerland, and West Africa)	10,000	9,000
Total nonsubsidiary companies	946,000	869,000
Total worldwide	2,883,000	2,719,000

lineation drilling. Extensive seismic and exploratory drilling operations were conducted offshore and onshore on Texaco's two-sevenths interest holdings elsewhere in Western Australia in the search for new sources of petroleum reserves.

In the Australian-administered territory of Papua New Guinea, Texaco acquired a 50% interest in 2,782,000 acres offshore and interests of 25% and 37.5% in 3,296,000 acres onshore. Both geophysical surveys and exploratory drilling were conducted by Texaco on those holdings.

Geophysical surveys were conducted on Texaco's 40% interest holdings offshore South Korea and on its 25% interest block in the Japanese waters of the East China Sea. By agreement with the Nippon Exploration Oil Company, Texaco acquired a 25% interest in an additional 3,500,000 acres off the coast of Shikoku Island in the Pacific Ocean.

Manufacturing

Texaco's worldwide refinery runs, including interests in affiliates, rose 6.0% to 2,883,000 barrels a day, compared with 2,719,000 barrels a day in 1970.

At year-end, Texaco's equity in refining capacity had increased to 2,988,000 barrels a day, compared with 2,742,000 barrels a day at the end of 1970, through full or partial ownership of 71 refineries located in 38 countries throughout the free world.

United States: Refinery runs in the United States rose 5.0% to an average of 995,000 barrels a day, compared with 948,000 barrels a day in 1970.

Construction of a 15,000-barrel-a-day hydrocracker and a 130,000-barrel-a-day crude unit at Texaco's refinery at Port Arthur, Texas, was completed. This expansion

raises the rated capacity of the Port Arthur Plant, Texaco's largest refinery, to 400,000 barrels a day, and will help meet the constantly growing demand for refined products in the United States.

At year-end, construction was under way on a hydro-treater at the Eagle Point Plant at Westville, New Jersey. Design and engineering work has been completed on hydrotreating and related facilities for refineries in Lockport, Illinois; Lawrenceville, Illinois; West Tulsa, Oklahoma; and Anacortes, Washington. Construction work on these facilities was scheduled to begin early in 1972 to enable Texaco to manufacture larger quantities of the types of automotive gasolines needed to meet restrictions on the use of lead additives.

Other Western Hemisphere: Refinery runs elsewhere in the Western Hemisphere increased to 578,000 barrels a day, compared with 573,000 barrels a day in 1970.

Crude runs at the four refineries of Texaco Canada Limited again showed increases over the previous year. At the Montreal Plant, expansion of the catalytic reforming unit is scheduled for completion in 1972.

In August, Texaco acquired a two-thirds interest in Refineria Panama, S.A., which operates a 70,000-barrel-a-day refinery at Las Minas Bay near the city of Colon in the Republic of Panama. In November, plans were announced to expand this refinery's capacity to approximately 100,000 barrels a day to accommodate the expanding petroleum product needs of Panama and of ships passing through the Panama Canal.

At Texaco's 355,000-barrel-a-day refinery at Pointe-à-Pierre, Trinidad, construction work progressed on a 90,000-barrel-a-day desulphurization plant which is scheduled to increase the availability of low-sulphur fuels for the U. S. East Coast and elsewhere by the 1972-

The new fuel oil desulphurization plant begins to take shape at the Pointe-à-Pierre refinery in Trinidad.



73 winter heating season. During 1971, refinery operations were adjusted to increase greatly the production of low-sulphur fuels by improved segregation and blending of crudes and products.

In Martinique, a 10,000-barrel-a-day refinery, in which Texaco has an 11.5% interest, went on stream in January, 1971.

Eastern Hemisphere: Including interests in affiliates, refinery runs in the Eastern Hemisphere increased 9.4% to 1,310,000 barrels a day from 1,198,000 barrels a day in 1970.

Texaco's refinery runs in Europe increased to 647,000 barrels a day in 1971, compared with 583,000 barrels a day in 1970.

Major expansion plans were announced for two refineries in the Federal Republic of West Germany. The Heide refinery, near Hamburg, owned 100% by Deutsche Texaco, will be expanded from 65,000 to 101,000 barrels a day by the second quarter of 1973. This expansion will include facilities for production of light fuel oil with a low-sulphur content. An expansion of the Karlsruhe refinery will increase Texaco's interest in refinery runs from 55,000 to 93,000 barrels a day. This expansion will include installation of process units needed to meet statutory restrictions on use of lead additives in gasoline.

Texaco's wholly owned refinery at Ghent, Belgium, will be expanded from 120,000 to 140,000 barrels a day before the end of 1972.

Modifications of the Pernis refinery in the Netherlands will increase Texaco's crude running equity from 79,000 to 95,000 barrels a day in late 1972. Expansion of the Trecate refinery, located in northern Italy, will increase Texaco's equity interest in crude capacity from 15,000 to 22,000 barrels a day in late 1972.

In Switzerland, an expansion of the Aigle refinery will increase Texaco's share of crude capacity from 3,000 to 6,000 barrels a day by mid-1972.

At year-end, Texaco's interest in the rated capacity of 20 Caltex refineries, located in 14 countries in the Eastern Hemisphere, amounted to 425,000 barrels a day.

Total capacity of Caltex-interest refineries in Japan rose to well above 500,000 barrels a day. Nippon Petroleum Refining Co. (NPRC), in which Caltex has a 50% interest, entered the final stage of a program to expand the capacity of the Negishi refinery outside Tokyo from 209,000 to 314,000 barrels a day in 1972. NPRC also began the major expansion of the Muroran refinery on the northern island of Hokkaido from 10,000 to 105,000 barrels a day. Koa Oil Co., also 50% owned by Caltex, placed a 76,000-barrel-a-day refinery on stream at Osaka several months ahead of schedule.

Honam Oil Refining Co., Ltd., also 50% owned by

Caltex, added an asphalt plant to its facilities at Yosü, South Korea, and started an expansion program to raise the capacity of its refinery there from 100,000 to 160,000 barrels a day by late 1972.

Another Caltex subsidiary, Australian Oil Refining Pty. Limited, began expanding its Kurnell refinery from 93,000 to 132,000 barrels a day, with completion scheduled for early 1974.

Caltex (Philippines) Inc. completed a new 740,000-barrel crude tank at Batangas and began engineering a 15,000-barrel-a-day distillate desulphurizer. This unit will permit the refinery to manufacture low-sulphur products without utilizing low-sulphur crudes.

Marketing

Texaco's worldwide sales of petroleum products, including equity in affiliated companies, rose 7.6% to 3,140,000 barrels a day, compared with 2,917,000 barrels a day in 1970. At year-end, Texaco was marketing petroleum products directly, or through subsidiaries and affiliates, in some 135 countries and territories of the free world.

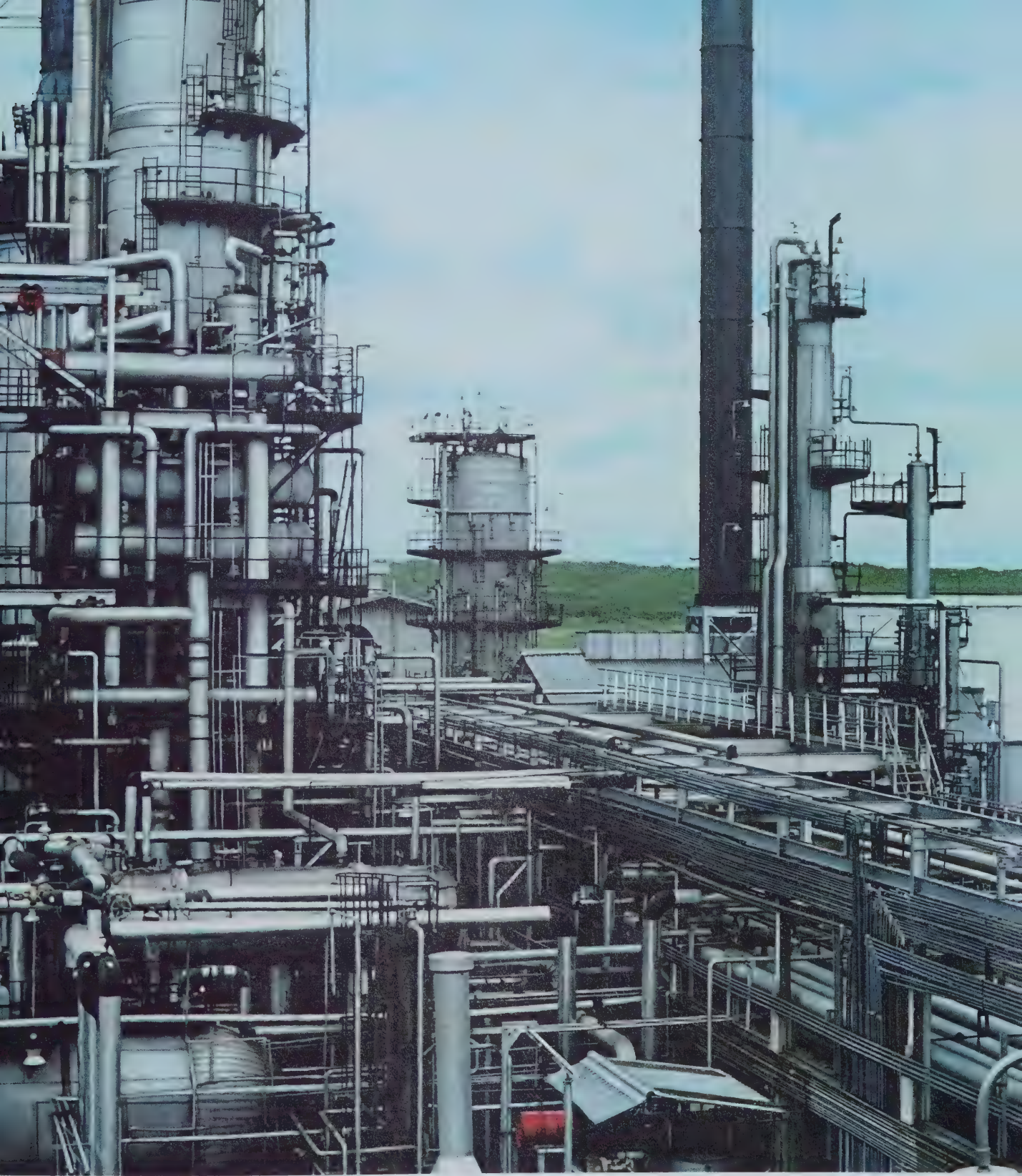
International sales of both aviation and marine products continued at a high level during 1971. Texaco expanded its worldwide system for the marketing of aviation products to almost 800 outlets, including practically all major international airports in the United States and Europe. Sales of marine fuels and lubricants increased substantially in both volumes and revenues, and additional facilities and services were provided worldwide. At year-end, Texaco was able to supply bunker fuels at approximately 240 ports, and lubricants at approximately 500 ports, throughout the world.

United States: Total sales of petroleum products in the United States averaged 1,276,000 barrels a day, a slight increase over the 1970 level of 1,274,000 barrels a day.

Texaco continued to hold its position as a leading marketer of gasoline in the United States and further increased its share of the market. The Company's sales of automotive gasolines reached new highs in 1971 in terms of total volume.

Total revenue for all products was significantly higher. Unit revenue per barrel also was up, due to generally stronger prices for diesel fuel, home heating oil, heavy fuel oil, and lubricating oils. Unit revenues on gasoline were slightly lower, as a result of seriously depressed retail prices in many major markets for prolonged periods. The Company complied with governmental price-control regulations instituted under President Nixon's new economic program, which was announced in August.

The Company stepped up sharply its programs for



Processing units of a 70,000-barrel-a-day refinery, located near Colon, Panama, in which Texaco has acquired a two-thirds interest.

the construction of new service stations in growth areas and on interstate highways and for the modernization of older stations with high economic potential. During the year, more than 2,000 Texaco retail outlets were either newly constructed or modernized. These programs utilized a wide variety of designs and materials to ensure compatibility of Texaco stations with local requirements and environmental considerations.

Texaco's Customer Service Representatives, driving distinctive white cars, made a total of more than 10,000 inspections of Texaco service stations to monitor their appearance, cleanliness, and service. These highly trained specialists also are prepared to assist motorists in distress on the nation's highways. The Company also expanded its newly improved Registered Rest Room Program for identifying, with distinctive signs, Texaco retailers who have undertaken to assure their customers of superior rest rooms.

Increased recognition and appreciation of the outstanding qualities of Texaco motor oils, lubricants, and other automotive products brought many new industrial and consumer accounts to the Company. Sales of Texaco products to the automotive industry increased sharply. Three out of every four 1972 model cars manufactured in the United States contained Texaco rear axle and power steering lubricants when they came off the assembly lines, and one out of every three new cars used *Texamatic* fluid in their automatic transmissions.

The Company's "Stop Loss" Program, which shows industrial customers how to reduce costs of lubrication and maintenance, made a major step forward with the

introduction of *Computex*, a computerized program which provides industrial customers with valuable data on types of lubricants and lubrication schedules.

Sales of *Fuel Chief* home heating oil rose to record levels. Sales of oil-fired heating equipment also improved steadily. With the improvement in growth trends in these areas, both gross and unit revenues rose to significantly higher levels.

The introduction of new air pollution regulations in many states and metropolitan areas brought about an unprecedented demand for low-sulphur residual fuel oils. The extremely complex task of making a transition to the newly required specifications was carried out in an orderly and efficient manner, and the Company was able to meet the changing requirements of its many industrial and other customers.

Construction was started on a new Texaco Travel Card Center in Richmond, Virginia, which will process credit invoices and billings for customers in the eastern United States. This modern, highly computerized facility will supplement the operations of two other Travel Card Centers, located in the Houston and Los Angeles areas.

In December, Texaco began a new season of sponsoring the Saturday radio broadcasts of Metropolitan Opera performances from Lincoln Center in New York. This was the Company's 32nd consecutive year of sponsorship—the longest in the history of radio broadcasting. Strong advertising and sales promotion programs on television, radio, and in the print mass media were successful in stimulating product sales.

Other Western Hemisphere: Elsewhere in the

More than 2,000 retail outlets were constructed or modernized in the United States. Designs were selected to fit local surroundings.



Western Hemisphere, product sales increased 9.0% to 404,000 barrels a day, compared with 371,000 barrels a day in the previous year.

In Canada, sales rose to a new high level, with significant gains recorded in all main products. Special emphasis was placed on improving existing retail units and in developing new service stations at strategic locations.

Texaco Canada Limited continued to improve its position in the heating oil market by establishing greater contact with consumers and by expanding its home comfort programs. Travel Card activities were accelerated by establishing new affiliations with automobile rental agencies and hotel/motel chains and by direct mail campaigns. The inauguration of a charge authorization center increased Texaco Canada's ability to serve its customers and provided more effective control over credit accounts.

Sales volumes rose to all-time highs in Latin American and Caribbean markets.

The acquisition of a majority interest in Refineria Panama gave Texaco opportunities for marine bunkering at one of the principal marine crossroads of the world. Also included in this acquisition were a 100% interest in a petroleum marketing company and half interests in two liquefied petroleum gas (LPG) companies. This acquisition doubled Texaco's share of the gasoline market in Panama and established Texaco as one of Panama's largest gasoline marketers.

Texaco's marketing position in Guadeloupe and Martinique was significantly strengthened by the completion of the Martinique refinery, in which Texaco has an equity interest.

With the rapid economic progress in Latin America, as well as in West Africa, Texaco continued to give investment priority to those countries that have demonstrated governmental stability. Great emphasis is being placed on training local nationals, and it is Texaco's firm policy to place them in positions of increasing responsibility whenever possible.

Eastern Hemisphere: Product sales in the Eastern Hemisphere increased 14.7% to 1,460,000 barrels a day, compared with 1,272,000 barrels a day in 1970.

Sales of refined products in Western Europe continued to show significant growth in both volumes and revenues. Increases in sales of major products generally exceeded consumption growth rates in European markets.

Texaco's competitive position was further strengthened by construction of new service stations, the rehabilitation of existing outlets, and the acquisition of service station chains in the United Kingdom, Belgium, Italy, and Austria. Texaco-branded service stations were established for the first time in Austria, and the highly successful Texaco Tourist Pilot Program was extended

from the original five countries in Scandinavia and the British Isles to eight, with the addition of Belgium, the Netherlands, and West Germany. Sales of Texaco oil burners and heating fuels were increased by the expansion of direct marketing operations.

Marketing activities of the 50%-owned Caltex companies continued to expand in Asia, Australasia, and eastern and southern Africa. Caltex sales of refined products and crude oil averaged 1,521,000 barrels a day, a 10.2% increase over sales in 1970. A new Middle Eastern sales terminal was opened at Abu Dhabi, and Caltex' marketing program was expanded in the newly formed Federation of Arab Emirates. Caltex continued to be the largest supplier of petroleum to the Japanese market and negotiated a long-term supply contract with one of the major mining and industrial firms in the Philippines.

Petrochemicals

Texaco continued to be one of the world's leading manufacturers of essential building blocks for the chemical industry. It placed its primary emphasis on the manufacture, at key locations in both hemispheres, of such basic petrochemicals as benzene, toluene, cumene, cyclohexane, and normal paraffins from its own substantial resources of raw materials.

United States: Texaco's major facilities for manufacturing aromatics at Port Arthur were expanded still further. These enlarged facilities are enabling the Company to participate to an even greater extent in supplying benzene and toluene to growing markets for the manufacture of synthetic fibers, plastics, and surface coatings. Sales of benzene and toluene were maintained at high levels.

Plans to expand the Port Arthur cyclohexane plant were approved late in the year, with completion scheduled for 1973. This plant will then be one of the world's largest units for manufacturing this raw material for synthetic fiber. The Company's sales of cyclohexane continued to show good growth.

Expansion projects and process improvements were also completed at the additive manufacturing plants in Port Arthur. These provided expanded capacity to meet increasing demands for lubricating oil additives.

Sales volumes and revenues of Federal Chemical Company, a wholly owned Texaco subsidiary, were increased. Federal Chemical Company continued to operate profitably.

Sales volumes of Texas-U.S. Chemical Company, 50% owned by Texaco, remained at plant capacity levels, although higher costs and depressed selling prices exerted a negative effect on profitability. Sales levels and high quality standards (continued on Page 20)

Protecting the Environment

Protecting the environment in every phase of its operations is a continuing Company commitment that is shared by every Texaco employee. In recognition of the growing complexity of this commitment, Texaco in 1971 formed an Environmental Protection Department, which is responsible for coordinating this important activity of the Company. Shown on these pages are some examples of the Company's environmental program.



Commercial fishing boats and gas production platforms go about their business harmoniously in the waters of the Gulf of Mexico offshore southern Louisiana.



New marine ecological systems evolve rapidly beneath offshore producing platforms in the Gulf of Mexico, and sport fishing in these vicinities is excellent.



Catalysts for desulphurizing fuel oils are tested in experimental reactor at Texaco's Research Center.





Part of the process for purifying waste water at the Puget Sound Plant involves biochemical purification through a bed of rocks.

Floating roofs, such as this one at the Port Arthur Plant, prevent volatile hydrocarbons from evaporating into the air from storage tanks.



Automotive exhaust is sampled and analyzed by scientists at Texaco's Research Center in Beacon, New York.



(continued from Page 17) were maintained, and special products, such as battery containers and carpet underlay, were developed for specific markets. Development efforts were also directed toward rubber products especially suited for use in manufacturing radial tires, which are commanding an ever-increasing share of the vehicular market.

Sales volumes of Jefferson Chemical Company, Inc., also 50% owned by Texaco, were up slightly, but product prices and sales revenues were depressed. Expansion projects were completed at Port Neches, Texas. These increased Jefferson Chemical's capacity to produce ethylene oxide and propylene oxide, which in turn are converted into a wide range of chemicals used to manufacture many end-use products ranging from anti-freeze to detergents. Completion of a new polymeric isocyanate unit, started in 1971, will strengthen Jefferson's position as a supplier of raw materials for the rapidly expanding market for urethane foam which is used in the automotive, furniture, construction, refrigeration, and transportation industries.

Other Free World: The production of additives at Texaco's chemical plant in Ghent, Belgium, was expanded in order to meet increasing requirements. The plant's production of lubricants for the West European and West African markets reached new high levels.

An expansion project that will more than double the output of alcohol and ketone at Deutsche Texaco's plant at Meerbeck, Germany, continued on schedule. This project is expected to be completed early in 1972.

Sales by Jefferson Chemical Canada showed good

results for the first full year in which the Jefferson line was marketed in Canada.

Pipe Lines

Movements through Texaco's integrated pipe line system increased slightly over the 1970 level. Texaco and its subsidiaries transported an average of 2,029,000 barrels a day by pipe line, including 1,496,000 barrels a day of crude oil and 533,000 barrels a day of refined petroleum products.

At year-end, pipe line systems throughout the free world, wholly owned by Texaco subsidiaries, comprised 5,964 miles of crude lines and 1,402 miles of product lines. In addition, Texaco owned equity interests in 17,071 miles of crude lines and 11,387 miles of product lines.

United States: In the United States, additional pumping capacity was added to crude oil pipe lines in Texas and Louisiana to provide increased supplies to Texaco refineries. In addition, docking and tankage capacity at the marine pipe line terminal at Pilottown, Louisiana, was expanded to accommodate larger tankers.

The Colonial Pipeline Company, in which Texaco has a 14.27% interest, undertook an expansion program in 1971 to increase capacity of the system from 1,152,000 to 1,464,000 barrels a day of refined products. The expansion program consists primarily of laying an additional 461 miles of 36-inch line parallel to the existing 36-inch main line segment between Baton Rouge, Louisiana, and Atlanta, Georgia, together with additional tankage at Baton Rouge, additional pump

The Meerbeck Chemical Works is one of five Deutsche Texaco chemical plants in West Germany supplying petrochemical products to West European markets. An expansion project is scheduled to more than double this plant's alcohol and ketone output by early 1972.



stations between Baton Rouge and Baltimore, Maryland, and related expansion of branch lines. Initial product movement in the 36-inch parallel line commenced in December, 1971. Completion of the overall program is scheduled for May, 1972.

The Explorer Pipeline Company, in which Texaco has a 15.97% interest, began operations in 1971. Its products pipe line system, up to 28 inches in diameter, will provide dependable and economical transportation for Texaco products moving from the newly expanded Port Arthur refinery to Dallas, St. Louis, and Chicago markets. The system has an initial capacity of 305,000 barrels a day and can be expanded to an ultimate capacity of 800,000 barrels a day.

Other Western Hemisphere: In Canada, Mackenzie Valley Pipe Line Research Limited conducted extensive research of problems related to moving crude oil by pipe line under conditions of extreme cold. These studies included operation of a test facility located north of the Arctic Circle. Texaco's participation in this project is providing valuable information related to the safe and economical pipe line transportation of crude oil from Arctic areas to refineries in Canada and the United States.

The Alberta Products Pipe Line, in which Texaco Canada has a 20% interest, went into operation. This 10-inch, 191-mile line carries products from Edmonton to Calgary.

By year-end, approximately 85% of the 318-mile, 26- to 20-inch Trans-Ecuadorian Pipeline was completed, and the related facilities and equipment were scheduled for completion by mid-1972. The line, 50% owned by Texaco, will have an initial throughput capacity of 250,000 barrels a day. It will move crude oil from the jungles of northeastern Ecuador over the Andes to the Pacific port of Esmeraldas.

Eastern Hemisphere: Expansion of the South European Pipeline System (SEPL), in which Texaco has a 4% interest, was started in 1971. Initially, this expansion will increase the system's capacity from 700,000 to 1,400,000 barrels a day during 1972. This pipe line moves crude oil from Lavera, France, to refineries in France and West Germany.

Expansion of the Trans-Alpine Pipeline (TAL) from 506,000 to 800,000 barrels a day is scheduled for completion in late 1972. This crude oil pipe line, in which Texaco has a 9% interest, extends from Trieste, Italy, to Ingolstadt, West Germany. During 1971, plans were made for a further expansion of this pipe line to increase the system's total capacity to 860,000 barrels a day by 1974.

Expansion of the 19.8%-owned United Kingdom Oil Pipelines system from a capacity of 122,000 to 136,000

barrels a day proceeded satisfactorily, with completion scheduled for early 1972. This products system, the first major pipe line to be constructed in England, began operations in 1969.

Authorization was received in 1971 to begin construction of the Mainline Pipeline system, formerly known as the "MMM" pipe line. This pipe line, in which Texaco has a 20% interest, will carry products from the Pembroke refinery on Milford Haven to markets in the Midlands and Mersey areas. Initial capacity will be 120,000 barrels a day. Completion is scheduled for early 1973.

Marine

Texaco's international marine fleets transported an average of 2,782,000 barrels a day of crude oil and refined products. This represented an increase of 8.8% over 1970 and was an all-time high.

At year-end, Texaco's oceangoing fleets consisted of 172 tankers owned or operated under term charter, totaling 12,307,933 deadweight tons. These included 20 mammoth tankers (Very Large Crude Carriers or VLCC's), which further enhanced the Company's strong competitive position in international transportation. Four older tankers were sold and replaced by larger, more economical vessels.

Three mammoth tankers, each of approximately 252,000 deadweight tons, were delivered by Danish and British shipbuilders to Texaco Overseas Tankship Limited. Arrangements were made for the acquisition of additional VLCC's. It is expected that, during 1975,

Laying pipe in southern Illinois along the route of Explorer pipe line, in which Texaco has a 15.97% interest.



at least 36 mammoth tankers totaling 8,400,000 deadweight tons will be in Texaco service.

Texaco's U.S.-flag fleet, which is one of the largest of any U.S. oil company, was strengthened by the delivery of two reconstructed tankers which were increased in size from 20,000 to 42,000 deadweight tons at Baltimore, Maryland, shipyards. Two additional American-flag tankers of this size will be reconstructed and delivered in 1972. These vessels will be used primarily in the U.S. coastal trade.

To improve further the efficiency of domestic operations, contracts were placed for two large barges, each of 150,000-barrels capacity, and two high-powered tugs for delivery in early 1973. These will be used for product movements in the Northeast.

Tokyo Tanker Company, a Caltex affiliate in which Texaco has a 24% equity, accepted delivery of the world's largest ship, the *Nisseki Maru*, of 366,800 deadweight tons, from Japanese shipbuilders in September, 1971. This tanker is being used to transport crude oil from the Middle East to Japan, where a special facility scaled for mammoth tankers has been constructed on Kagoshima Bay. At year-end, Texaco's equity interest in the owned and term-chartered tonnage of all Caltex-affiliated companies totaled 1,218,767 deadweight tons.

Texaco continued to work with other concerned members of the maritime industry in developing international safeguards against air and water pollution. In late 1968, Texaco was one of the major companies that formulated a voluntary international agreement among the world's tanker owners which encourages cleanup of accidental oil spills from marine casualties and provides compensation to national governments for cleanup costs. In early 1971, Texaco joined with other oil companies in establishing a voluntary fund which supplements the liability of tanker owners and provides up to \$30 million per incident to compensate claimants for oil pollution damage and cleanup costs.

Research, Technology, and Environmental Protection

In 1971, Texaco's research was focused primarily on providing the technology necessary to satisfy public demand for high-quality petroleum products in a manner that creates a minimum disturbance to the environment. In June, the Company formed the Environmental Protection Department in recognition of the growing importance of environmental programming in all of Texaco's operations.

Texaco spent \$50,000,000 on its worldwide research programs in 1971, and millions of dollars more to protect air and water resources.

Research and Technology: Modified procedures were implemented and communications were improved

for aligning research more closely with operational needs. Existing programs were reappraised, and monitoring procedures were revised to assure that maximum practical benefits are derived.

Texaco's position as a leading producer of crude oil was enhanced by technological progress in marine exploration for oil fields on continental shelves, which are becoming increasingly important in meeting worldwide energy demand. New prospecting equipment was developed and put into use. Improvements also were made in computer techniques for interpreting exploration data.

In the never-ending search for new energy resources, Texaco increased its efforts to develop economic methods for obtaining hydrocarbons from unconventional sources. Improvements were made in the Texaco Synthesis Gas Generation Process, which can be used to generate hydrogen for the production of gas and liquid fuels from such raw materials as tar sands, oil shale, and coal. This process can be applied to the manufacture of low-polluting gas fuel from high-sulphur fuels, and was made available for licensing for this purpose.

Major attention continued to be given to development of new and improved fuels and lubricants to meet increasingly complex performance and environmental requirements. To aid in evaluation of these new products, a new indoor test facility for vehicles was installed in Texaco's Ghent, Belgium, laboratories.

Technical support was given for standardizing Texaco lubricants and their components on a worldwide basis to ensure that the same high-quality standards are maintained wherever Texaco products are marketed.

Significant progress was made during 1971 in promoting the licensing of Texaco technology, which is now in use in over 50 countries. Texaco's Fluid Catalytic Cracking Process for the production of high-quality fuels was licensed worldwide, with four units now in operation and four more being designed or constructed. In 15 countries, 32 plants were either being built or designed using processes licensed from Texaco for lubricating oil manufacture such as furfural refining, solvent dewaxing, and hydrogen finishing.

Intensified research on environmental protection resulted from Texaco's commitment to protect the environment in every phase of its operations. The Company's research program was strengthened to further improve methods of preventing, detecting, and cleaning up oil leaks and spills.

Environmental Protection: The new Environmental Protection Department, headed by a Vice President, is responsible for coordinating the air, water, and other conservation activities of the Company and its subsidiaries and affiliates in the United States and abroad.



The *Texaco Norway*, pictured on sea trials off the coast of Denmark, is the third mammoth tanker built for Texaco in Denmark.

A long-term development in the area of environmental protection is a unique automotive engine concept known as the Texaco Controlled-Combustion System (TCCS). This system, which is the result of many years of automotive engine research at Texaco, is designed to operate on a wide variety of liquid fuels regardless of octane or cetane rating, and has inherently low pollutant emissions. Prototype engines using the TCCS are now being evaluated for possible development in the future.

All pollution-control projects were carefully evaluated to ensure that proposed investments reflect the benefit of Texaco's experience, and that these projects meet the requirements of increasingly stringent Federal, state, and local regulations.

Texaco sought constructively to encourage the adoption of governmental standards based on realistic goals whose achievement is proven necessary for the protection of the environment. Special efforts were made to apprise governmental agencies and legislative bodies of the long-term effects of any proposed regulations that might unnecessarily increase costs, promote waste, or stimulate inflation, rather than actually improve the quality of the environment.

Public Relations and Personnel

Texaco expanded its use of advertising media, including television and national magazines, to communicate the Company's views and policies regarding public issues of major importance.

Advertising themes primarily emphasized the Company's dedication to finding solutions to problems of air, water, and land degradation and its total commitment to avoid polluting the natural environment. They also stressed the world's steadily increasing energy requirements and the effects of this need on the economic requirements of the petroleum industry.

Company communications also called attention to economic trends and to the need for a U.S. energy policy to maintain a strong domestic capacity for petroleum products. The increasing importance of exploration in offshore areas of the United States was also highlighted. To reach the widest possible audiences,

a corporate film titled *Magic Trails* was produced for showing on television and at theaters and to civic and educational audiences.

Worldwide employment of Texaco Inc. and consolidated subsidiaries was 75,192 as of December 31, 1971, compared with 73,734 a year earlier.

Payroll costs, including wages and benefits, rose to \$794,600,000 in 1971, compared with \$705,800,000 in 1970. In accordance with previously negotiated collective bargaining agreements, effective January 1, 1972, most unionized employees in the United States received a wage increase of 7.5%, and consistent with established pay practices most non-union, nonsupervisory employees received similar increases. Company employees also benefited from an increase in the Company's contribution to the Hospital-Surgical-Major Medical Benefits Plan.

Texaco continued its broad programs of manpower management and development. Texaco conferences for outstanding male and female employees selected from the worldwide organization were conducted in June and October. These conferences broaden the potential of these employees for positions of greater responsibility. This program, which included 100 employees in 1971, was complemented by Interdepartmental Training Programs and by Advanced Management Courses at leading universities. Hundreds of employees also took advantage of the Texaco Tuition Aid Plan, in which the Company pays 75% of the cost of successfully completed, approved courses. The program for hiring and developing employees from minority groups was continued throughout the country. In addition, special efforts were made to hire veterans of Vietnam.

Texaco's continued leadership in the field of accident prevention was reflected in its disabling injury frequency rate of 3.82 per million-man hours, an all-time low for the Company. This compares with the 1970 National Safety Council figures for the petroleum industry of 7.21 and for all industries of 8.87. Two Texaco operations—the Port Arthur refinery and the Midland Producing Division—hold the world's records for accident prevention in their respective categories.

Preventive medical programs, such as the influenza vaccine inoculation, received increased emphasis during the year. Construction of a new medical facility at the Port Arthur complex was begun. Extensive surveys of noise at Company operations were conducted to detect any potential safety or health hazards.

Research into water purity is conducted at Texaco's laboratories at Richmond, Virginia (left), and at Port Arthur, Texas.





(Top) Texaco employees attending a Texaco Conference inspect refinery facilities. These management conferences, which began in 1958, broaden the potential of selected employees for positions of greater responsibility. (Above) Research laboratory technicians at Pointe-à-Pierre, Trinidad, use gas chromatography techniques to analyze the purity of samples of normal paraffins, which are a basic material used in the manufacture of biodegradable detergents.



Buy Texaco

Texaco is the only marketer of petroleum products with substantial and widespread retail distribution under one trademark in all 50 states. Products also are sold through Texaco companies and affiliated companies in the Western Hemisphere, Western Europe, Africa, the Middle East, the Far East, and Australasia. Texaco markets more than 800 top-quality products, including:

Petroleum Products

Automotive:

Sky Chief gasoline
Fire Chief gasoline
Lead-free Texaco gasoline*
Low-lead Texaco gasoline
Diesel Chief fuels
Havoline motor oils
Texaco motor oils
Texaco anti-freeze coolants
Marfak lubricants
Gear lubricants
Texamatic transmission fluids
Snowmobile oil

Aviation:

Aviation gasolines
Jet fuels
Aircraft engine oils
Synthetic aircraft turbine oils
Aircraft hydraulic oils
Aircraft greases

Marine:

Marine bunker fuel
Marine intermediate fuels
Marine diesel fuels
Marine gas oil
Taro cylinder oils
Doro crankcase oils
Taro crankcase oils
Ursa crankcase oils
Regal Marine turbine oils
Floatcoat rustproofing
Sea Chief gasoline
Outboard motor oil
Outboard gear lubricants
Launching greases

Fuel Oils:

Fuel Chief home heating oils
Crystalite kerosine
Stationary turbine fuels
Industrial fuel oils

Asphalts:

Paving asphalts
Road oils
Surfacing materials
Roofing asphalts

Miscellaneous:

Rust proof compounds
Petroleum coke
Waxes
Spraytex fruit spray oils
Texspray cotton conditioner

Industrial:

Anti-friction bearing greases
Compressor oils
Construction and mining equipment lubricants
Diesel engine lubricants
Ursa and Ursatex diesel engine lubricants
Farm machinery lubricants
Forest and paper pulp industry lubricants
Geotex gas engine lubricants
Rando hydraulic oils
Industrial gear lubricants
Industrial greases
Insulating oils
Metalworking lubricants and coolants:

Almag
Cleartex
Transultex
Sultex
Grindtex
Cooltex
Quenchtex

Preservative oils
Railway lubricants
Refrigeration oils
Rubber processing oils
Steel mill lubricants
Textile mill lubricants
Regal R&O turbine oils

Gases and By-Products

Natural gas
Ethane
Propane
Isobutane
Normal butane
Natural gasoline
Sulphur

Petrochemicals

Benzene
Toluene
Xylenes
Cumene
Cyclohexane
Ethylene
Propylene
Normal paraffins
Detergent alkylate
Nonene
Propylene tetramer
Diisobutylene
Naphthenic acids
Isopropyl alcohol
Acetone
Ketones
Formaldehyde
Alkyd and phenolic resins
Chemical feedstocks

Additives for:

Crankcase oils
Automatic transmission fluids
Industrial oils
Metalworking lubricants
Greases
Gear oils
Fuels
Rust inhibitors
Ammonia and derivatives
Nitrogen fertilizer solutions
Solid fertilizers

Specialty Products

Batteries
Oil, air, and gasoline filters
Spark plugs and ignition parts
Automotive belts, radiator hose, heater hose, and clamps
Automotive headlamps, bulbs, and flashers
Windshield wiper blades and arms
Radiator, gasoline tank, and oil filler caps
Shock absorbers
Thermostats
Upper cylinder lubricant
Super motor detergent
Home lubricant

Quality Line Products

Fuel system conditioner and de-icer
All-temp windshield washer
Windshield de-icer
Carburetor cleaner
Brake fluid
Transmission stop-leak and seal conditioner
Tire mounting lubricant
Radiator stop leak
Heavy duty radiator cleaner
Radiator fast flush
Radiator anti-rust and water pump lubricant
Super car cleaner and wax
Soft paste wax
Car cleaner and polish
Chrome and metal polish
Plastic and leather cleaner
Vinyl hardtop dressing
Car wash concentrate
Glass cleaner concentrate
Spray-on white tire cleaner
Black tire dressing
Penetrating oil
Rust proof (aerosol)
Lighter fluid
Charcoal lighter fluid
Insecticide
Rubber repair kit

Lawn Food Products

Green Chief lawn food

Oil Burner Equipment

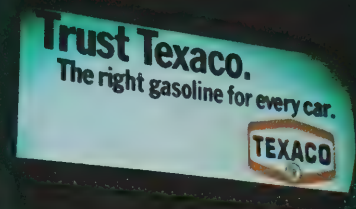
Fuel Chief Lines:

Oil burners
Water heaters
Boilers
Warm air furnaces and humidifiers
Industrial air heaters
Swimming pool heaters



We are the
men of Texaco.
We wear the
Texaco Star.
We like to think
at Texaco,
We've got
everything for
your car!
We've got
wipers for
your windshield.
Plugs 'n belts
'n tires, too.
Lubricants
and batteries,
And polishes
for you.
All the things
to keep your
engine up to par.
We've got
everything for
your car!

from a Texaco
commercial[®] seen and
heard by millions
of television viewers
during 1971



* Available
in Southern California

Statements of Consolidated Income and Retained Earnings

For the years ended December 31, 1971 and 1970

	1971	1970
Gross Income:		
Sales and services	\$7,529,054,000	\$6,349,759,000
Equity in net income of nonsubsidiary companies, dividends, interest, and other income	<u>548,294,000</u>	<u>427,581,000</u>
	\$8,077,348,000	\$6,777,340,000
Deductions:		
Costs and operating expenses	\$5,165,383,000	\$4,191,606,000
Selling, general and administrative expenses	721,998,000	626,086,000
Dry hole costs	48,416,000	68,569,000
Depreciation, depletion, and amortization (Note 2)	392,768,000	369,605,000
Interest charges	83,964,000	78,401,000
Taxes other than income taxes*	229,059,000	211,071,000
Provision for income taxes—current	415,600,000	315,650,000
—deferred (Note 3)	103,543,000	85,245,000
Minority interest in net income	<u>12,749,000</u>	<u>9,091,000</u>
	\$7,173,480,000	\$5,955,324,000
Net Income	\$ 903,868,000	\$ 822,016,000
Net income per share (based on average number of shares outstanding)	\$3.32	\$3.02
Retained Earnings:		
Balance at beginning of year	\$4,028,990,000	\$3,642,742,000
Add:		
Net income for the year	903,868,000	822,016,000
Deduct:		
Cash dividends—\$1.60 per share in 1971 and in 1970	<u>435,732,000</u>	<u>435,768,000</u>
Balance at end of year	\$4,497,126,000	\$4,028,990,000

*In addition, motor fuel and other taxes collected from consumers and paid (or accrued) to governmental agencies in the United States and abroad amounted to \$1,620,516,000 during 1971 and \$1,431,584,000 during 1970.

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheet

As of December 31, 1971 and 1970

Assets

1971

1970

Current Assets:

Cash	\$ 290,730,000	\$ 235,748,000
Marketable securities and cash investments—at cost	213,639,000	238,878,000
Accounts and notes receivable, less allowance for doubtful accounts of \$48,000,000 in 1971 and \$40,000,000 in 1970	1,540,083,000	1,455,742,000
Inventories—		
Crude oil, petroleum products, and other merchandise—at cost, determined on the first-in, first-out method, which in the aggregate was lower than market	719,868,000	641,336,000
Materials and supplies—at cost	56,062,000	51,422,000
Total current assets	\$ 2,820,382,000	\$ 2,623,126,000

Investments and Advances (Note 4)	\$ 844,404,000	\$ 672,068,000
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Properties, Plant, and Equipment—at Cost:

Producing	\$ 6,287,694,000	\$ 5,992,939,000
Manufacturing	2,087,230,000	1,921,420,000
Marketing	1,738,233,000	1,564,902,000
Marine	493,491,000	432,487,000
Pipe lines	369,028,000	329,800,000
Other	98,051,000	89,233,000
	\$11,073,727,000	\$10,330,781,000
Less—Depreciation, depletion, and amortization (Note 2)	3,850,780,000	3,724,062,000
Net properties, plant, and equipment	\$ 7,222,947,000	\$ 6,606,719,000

Deferred Charges	\$ 45,559,000	\$ 21,873,000
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Total	\$10,933,292,000	\$ 9,923,786,000
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Liabilities and Stockholders' Equity

1971

1970

Current Liabilities:

Notes payable and long-term debt due within one year	\$ 366,373,000	\$ 390,575,000
Accounts payable and accrued liabilities	976,470,000	785,741,000
Estimated income taxes	311,255,000	328,497,000
Total current liabilities	\$ 1,654,098,000	\$1,504,813,000

Long-Term Debt (Note 5)	\$ 1,289,614,000	\$1,014,758,000
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Deferred Credits—Income Taxes (Note 3)	\$ 1,101,896,000	\$ 998,353,000
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Reserves (Note 6)	\$ 60,280,000	\$ 55,594,000
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Minority Interest in Subsidiary Companies	\$ 82,364,000	\$ 71,061,000
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Stockholders' Equity (Notes 5 and 7):

Capital Stock—par value \$6.25:

Shares authorized—350,000,000

Shares issued—274,285,268 in 1971 and 274,285,254 in 1970,

including treasury stock \$ 1,714,283,000 \$1,714,283,000

Paid-in capital in excess of par value (Note 8) 597,364,000 596,631,000

Retained earnings 4,497,126,000 4,028,990,000

\$ 6,808,773,000 \$6,339,904,000

Less—Capital stock held in treasury—2,043,856 shares in 1971 and

1,993,968 shares in 1970, at cost 63,733,000 60,697,000

Total stockholders' equity \$ 6,745,040,000 \$6,279,207,000

Total \$10,933,292,000 \$9,923,786,000

See accompanying notes to consolidated financial statements.

Statement of Changes in Consolidated Financial Position

For the years ended December 31, 1971 and 1970

	1971	1970
Source:		
Net income	\$ 903,868,000	\$ 822,016,000
Depreciation, depletion, and amortization (Note 2)	392,768,000	369,605,000
Provision for income taxes—deferred (Note 3)	103,543,000	85,245,000
Equity in undistributed earnings of nonsubsidiary companies (Note 4)	(121,471,000)	(68,355,000)
Minority interest in net income	12,749,000	9,091,000
Provided by operations	\$1,291,457,000	\$1,217,602,000
Properties, plant, and equipment retirements and sales	38,189,000	40,175,000
Additions to long-term debt (Note 5)	334,666,000	53,161,000
Other (net)	(10,249,000)	28,939,000
	<u>\$1,654,063,000</u>	<u>\$1,339,877,000</u>

Disposition:		
Properties, plant, and equipment expenditures	\$1,047,185,000	\$ 796,684,000
Investments in nonsubsidiary companies	55,918,000	29,267,000
Total capital expenditures	\$1,103,103,000	\$ 825,951,000
Reductions in long-term debt (Note 5)	59,810,000	91,355,000
Purchases of treasury stock	4,000,000	10,002,000
Cash dividends paid to:		
The Company's stockholders	435,732,000	435,768,000
Minority stockholders of subsidiary companies	3,447,000	3,126,000
	<u>\$1,606,092,000</u>	<u>\$1,366,202,000</u>

Added to (or withdrawn from) working capital	\$ 47,971,000	\$ (26,325,000)
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Working capital:		
At beginning of year	\$1,118,313,000	\$1,144,638,000
Additions (withdrawals) during year:		
Cash	54,982,000	84,059,000
Marketable securities and cash investments—at cost	(25,239,000)	(10,437,000)
Accounts and notes receivable, less allowance for doubtful accounts	84,341,000	87,986,000
Inventories	83,172,000	20,480,000
Notes payable and long-term debt due within one year	24,202,000	(82,123,000)
Accounts payable and accrued liabilities	(190,729,000)	(10,327,000)
Estimated income taxes	17,242,000	(115,963,000)
	<u>\$ 47,971,000</u>	<u>\$ (26,325,000)</u>
At end of year	<u>\$1,166,284,000</u>	<u>\$1,118,313,000</u>

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements**Note 1. General**

The accounts of Texaco Inc. and subsidiary companies owned more than 50% are included in the consolidated financial statements. Intercompany accounts and transactions are eliminated.

Items recorded in foreign currencies are expressed in U.S. dollars at the appropriate rates of exchange, and gains and losses arising as a result of foreign currency translations are reflected in income.

In general, expenditures for research and development are charged against income as incurred, except for those pertaining to properties, plant, and equipment with extended useful life, which are capitalized.

U.S. investment credits, including job development credits, are accounted for by applying such credits as a reduction of the provision for income taxes.

Note 2. Depreciation, Depletion, and Amortization

Depreciation, depletion, and amortization of properties, plant, and equipment related to exploration and producing activities are determined on the unit-of-production basis by applying the ratio of produced oil and gas to estimated recoverable oil and gas reserves. With respect to exploration activities, the Company capitalizes lease acquisition costs and costs related to the exploration for and development of oil and gas reserves, with the principal exceptions of expenditures in the United States for lease rentals and for intangible drilling costs applicable to dry holes. As a result, finding and development costs are allocated to the periods in which revenue is recognized as the oil and gas reserves are produced and sold.

For operations other than exploration and producing, depreciation is provided generally on the group plan with depreciation rates based upon estimated useful life applied to the cost of each class of property.

Note 3. Deferred Credits—Income Taxes

The financial statements reflect provision for the deferred income tax effects related to transactions recorded in the accounts in a period different from that in which these transactions are reported for income tax purposes. The principal tax effects for which provision is made are those related to intangible drilling costs, exploratory expenditures, depreciation, and employee plans. This accounting policy allocates the income tax effects of transactions to the period in which such transactions are recorded for financial reporting purposes.

The deferred credits for income taxes shown in the bal-

ance sheet represent the cumulative effect of net charges against earnings to defer these income tax effects to appropriate future periods in the Company's financial statements.

Note 4. Investments and Advances

	December 31, 1971	1970
Nonsubsidiary companies (owned 50% or less)		
At equity	\$662,064,000	\$443,984,000
At cost	105,979,000	162,119,000
Total	<u>\$768,043,000</u>	<u>\$606,103,000</u>
Less reserve	26,800,000	26,800,000
	<u>\$741,243,000</u>	<u>\$579,303,000</u>
Miscellaneous investments (at cost), long-term receivables, etc., less reserve	\$103,161,000	\$ 92,765,000
Total investments and advances	<u>\$844,404,000</u>	<u>\$672,068,000</u>

The Company uses the equity method of accounting for investments in 50%-owned companies and in the Arabian American Oil Company which is owned 30%, and effective January 1, 1971 it extended this method to certain other investments owned less than 50% without restatement of prior years. The effect of this accounting change was not significant; net income for 1971 was increased by \$4,900,000 applicable to 1971 and prior years.

Under the equity method of accounting, equity in the earnings or losses of nonsubsidiary companies is reflected currently in Texaco's earnings rather than when realized through dividends; such equity in earnings exceeded dividends received in 1971 and 1970 by \$121,471,000 and \$68,355,000, respectively. Investments in the companies accounted for on this basis reflect Texaco's equity in the book value of the underlying net assets of the companies. Separate financial statements for certain of these nonsubsidiary companies are included in reports filed with the Securities and Exchange Commission.

Investments in other nonsubsidiary companies are carried at cost. The Company's equity in the net earnings of these companies approximated dividends received from such companies in 1971 and 1970. Equity in the underlying net assets of nonsubsidiary companies carried at cost exceeded the carrying value of the investment in such companies by approximately \$2,000,000 and \$20,000,000 as of December 31, 1971, and December 31, 1970, respectively.

At December 31, 1971, investments in nonsubsidiary companies owned 50% or less consisted of \$680,610,000 applicable to companies operating in the Eastern Hemisphere and \$87,433,000 applicable to companies operating in the Western Hemisphere. At December 31, 1970, these investments were \$537,867,000 and \$68,236,000, respectively.

Note 5. Long-Term Debt

	December 31, 1971	1970
Texaco Inc.:		
3 $\frac{5}{8}$ % Debentures, due 1983	\$ 150,000,000	\$ 150,000,000
4 $\frac{1}{2}$ % Notes, due in installments 1972 through 1989	135,000,000	138,750,000
5 $\frac{3}{4}$ % Debentures, due 1997 with sinking fund payments 1978 through 1996	200,000,000	200,000,000
7 $\frac{3}{4}$ % Debentures, due 2001 with sinking fund payments 1982 through 2000	200,000,000	—
The Texas Pipe Line Company:		
2.9% and 3.4% Notes, due in installments through 1974 and 1981	10,775,000	13,238,000
Texaco Panama Inc.:		
Note, due in installments 1972 through 1981, with interest at bank's prime rate	27,209,000	—
Texaco Operations (Europe) Ltd.:		
4 $\frac{1}{2}$ % Convertible debentures, due 1988	75,000,000	75,000,000
5 $\frac{3}{4}$ % Notes, due in installments through 1980 and 1981 (Danish Kroner)	36,253,000	12,278,000
s.a. Texaco Belgium n.v.:		
7% Notes, due in installments 1972 through 1983 (Belgian Francs)	—	90,000,000
Texaco International Financial Corporation:		
4 $\frac{3}{4}$ % Convertible debentures, due 1999 (British Pounds)	29,995,000	29,995,000
5% Convertible debentures, due 1986 (German Marks)	190,104,000	190,104,000
6 $\frac{3}{4}$ % Bonds, due 1986 (Swiss Francs)	15,306,000	—
7% Notes, due in installments 1972 through 1983 (Belgian Francs)	88,022,000	—
9 $\frac{1}{8}$ % Notes, due in installments 1973 through 1980 (Dutch Guilders)	—	22,099,000
Deutsche Texaco A.G. and subsidiaries:		
6% Mortgage bonds, due in installments through 1984 (German Marks)	18,349,000	17,760,000
Various notes due through 2003 at interest rates ranging from 5 $\frac{1}{2}$ % to 6 $\frac{3}{4}$ % (German Marks)	6,474,000	8,850,000
Other long-term debt:		
U.S. Dollars	49,588,000	15,615,000
Other currencies	57,539,000	51,069,000
Total long-term debt	\$1,289,614,000	\$1,014,758,000

The Texaco Operations (Europe) Ltd. 4 $\frac{1}{2}$ % convertible debentures are guaranteed by Texaco Inc. and are convertible into Texaco Inc. capital stock at \$44.25 a share.

The Texaco International Financial Corporation 4 $\frac{3}{4}$ % convertible debentures are guaranteed by Texaco Inc. and are convertible into Texaco Inc. capital stock at approximately £20 a share. Texaco International Financial Corporation has issued \$30,000,000 of debentures of which \$5,000 have been converted and were held in the treasury of Texaco Inc. at December 31, 1971.

The Texaco International Financial Corporation 5% convertible debentures are guaranteed by Texaco Inc. and are convertible into Texaco Inc. capital stock at DM170 a share. Texaco International Financial Corporation has issued \$190,980,000 of debentures of which \$876,000 have been converted and were held in the treasury of Texaco Inc. at December 31, 1971.

Texaco Inc. capital stock reserved for the conversion of the convertible securities of Texaco Operations (Europe) Ltd. and Texaco International Financial Corporation at December 31, 1971 amounted to 6,788,888 shares.

Note 6. Reserves

	December 31, 1971	1970
Employee plans	\$60,280,000	\$49,890,000
Mining and damage claims	—	5,704,000
Total reserves	\$60,280,000	\$55,594,000

The Company and its subsidiaries have pension plans available to substantially all of their employees. The expense for these plans amounted to \$59,035,000 in 1971 and \$46,978,000 in 1970, which amounts are based on amortizing the actuarial cost of pension benefits over the estimated service lives of the employees involved. In general, provision is made for funding of pension costs by deposits with insurance companies and corporate trustees.

The reserve for mining and damage claims has been transferred to the reserves for depreciation, depletion, and amortization of properties, plant, and equipment.



Note 7. Incentive Stock Option Plan

The Incentive Stock Option Plan was adopted in 1959 and expired in 1964. Options granted to executive and key employees are exercisable until ten years from the date granted. The option price is the fair market value of the stock on the date granted.

Options covering 52,360 shares were exercised during 1971. At the end of the year, options were outstanding for 44,944 shares at an average price of \$28.42 per share.

Note 8. Paid-in Capital in Excess of Par Value

Paid-in capital in excess of par value increased \$733,000 during 1971. This increase is attributable to the issuance of capital stock under the provisions of employee plans and conversion of debentures.

Note 9. Commitments and Contingent Liabilities

As of December 31, 1971, the Company and its subsidiary companies had long-term leases, expiring more than three years from such date, covering service stations, tankers, office buildings, and other facilities. Minimum amounts payable under such commitments, without reduction for related

rental income, are expected to average approximately \$181,000,000 annually for the next three years. Rental income from certain of these properties subleased to others is estimated to average \$46,000,000 annually for the next three years.

The Company and its subsidiary companies were contingently liable in the amount of \$84,000,000 as guarantor on loans outstanding, principally of certain associated companies. Also, under long-term agreements with certain pipe line companies in which stock interests are held, the Company and its subsidiary companies guarantee specified revenue from product shipments and, in the event such companies are unable to meet debt obligations, funds may be advanced against future transportation charges. No loss is anticipated by reason of such obligations.

In the opinion of the Company's General Counsel, while it is impossible to ascertain the ultimate legal and financial liability with respect to other contingent liabilities, including lawsuits, Federal taxes, claims, guarantees, etc., the aggregate amount of such liability is not materially important in relation to the consolidated financial position of the Company and its subsidiaries.

Auditors' Report

ARTHUR ANDERSEN & CO.
NEW YORK, N. Y.

To the Stockholders, Texaco Inc. :

We have examined the consolidated balance sheet of Texaco Inc. (a Delaware Corporation) and subsidiary companies as of December 31, 1971 and 1970, and the related statements of consolidated income, retained earnings and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of Texaco Inc. and subsidiary companies as of December 31, 1971 and 1970, and the results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

February 29, 1972.

Arthur Andersen & Co.

Texaco Inc. and Principal Subsidiaries and Affiliates

(Texaco's percentage of ownership is shown in parentheses)

United States

Texaco Inc.—exploration, producing, transportation, refining, petrochemicals, marketing in United States. *Badger Pipe Line Company* (22%)—pipe line transportation from the Chicago area to Madison, Wisconsin. *Colonial Pipeline Company* (14.27%)—pipe line transportation from Houston, Texas, to New York, N.Y. *Coltco Corporation* (49%)—natural gas products in Louisiana and Texas. *Explorer Pipeline Company* (15.97%)—pipe line transportation from the Gulf Coast to the Chicago area. *Federal Chemical Company* (100%)—manufacturing, marketing of fertilizers in United States. *Jefferson Chemical Company, Inc.* (50%)—chemicals in United States. *Kaw Pipe Line Company* (33%)—pipe line transportation in Kansas. *Laurel Pipe Line Company* (34%)—pipe line transportation from Philadelphia, Pa., to Cleveland, Ohio. *Olympic Pipe Line Company* (27%)—pipe line transportation from Bellingham, Wash., to Portland, Ore. *Texaco-Cities Service Pipe Line Company* (50%)—pipe line transportation from Cushing, Okla., to E. Chicago, Ind. *Texaco Development Corporation* (100%)—patent licensing, worldwide. *Texas-New Mexico Pipe Line Company* (45%)—pipe line transportation from Aneth, Utah, to Houston, Texas. *Texas-U. S. Chemical Company* (50%)—butadiene and synthetic rubbers in United States. *The Texas Pipe Line Company* (100%)—pipe line transportation in Ill., Ind., La., Mo., Mont., N. J., N. M., Okla., and Texas. *THUMS Long Beach Company* (20%)—producing in Wilmington field, Calif. *Wolverine Pipe Line Company* (17%)—pipe line transportation from the Chicago area to Grand Haven and Detroit, Michigan, and Toledo, Ohio. *Wyco Pipe Line Company* (40%)—pipe line transportation from Casper, Wyo., to Colorado Springs, Colo., and Rapid City, S. D.

Canada

Texaco Canada Limited and subsidiaries (68%)—exploration, producing, transportation, refining, petrochemicals, marketing in Canada. *Texaco Exploration Canada Limited* (100%)—exploration, producing, pipe line transportation in Canada.

Latin America

Colombian Petroleum Company (50%)—exploration, producing, refining in Colombia. *Combustibles de Panama* (100%)—marketing in Panama. *Coro Petroleum Company* (100%)—exploration, producing in Venezuela. *Lubricantes y Tambores del Ecuador, C.A.* (100%)—marketing and lube oil blending in Ecuador. *Panama Exploration Inc.* (100%)—exploration in Panama. *Refineria Panama S.A.* (67%)—refining in Panama. *Refineria Texaco de Honduras, S.A.* (67%)—refining in Honduras. *Sociedad Anonima Petrolera Las Mercedes* (50%)—exploration, producing, pipe line transportation in Venezuela. *Société Antillaise des Pétroles Texaco* (100%)—marketing in French Caribbean. *Texaco Antilles Limited* (100%)—marketing in Caribbean. *Texaco Belize Limited* (100%)—marketing in British Honduras. *Texaco Brasil S.A.—Produtos de Petróleo* (100%)—marketing in Brazil. *Texaco Caribbean Inc.* (100%)—marketing in Central America and West Indies. *Texaco Chile S.A.C.* (100%)—marketing and lube oil blending in Chile. *Texaco Guatemala Inc.* (100%)—marketing in Guatemala. *Texaco Maracaibo Inc.* (100%)—exploration, producing in Venezuela. *Texaco Oil Company* (100%)—exploration and producing services in Latin America. *Texaco Panama Inc.* (100%)—marketing in Panama; marine transportation, worldwide. *Texaco Petroleum Company* (100%)—exploration and producing in Ecuador. *Texaco Puerto Rico Inc.* (100%)—marketing in Puerto Rico. *Texaco Seaboard Inc.* (100%)—exploration, producing in Venezuela. *Texaco, Sociedad Anonima* (100%)—marketing in Mexico. *Texaco Trinidad, Inc.* (100%)—exploration, producing, refining, petrochemicals in Trinidad and Tobago. *Texaco (Trinidad) Limited* (100%)—marketing in Trinidad and Tobago. *Texaco Uruguay Sociedad Anonima* (100%)—marketing in Uruguay. *Texaco West Indies Limited* (100%)—marketing in Caribbean. *Texas Petroleum Company* (100%)—exploration, producing, transportation, refining, marketing in Latin America. *The Pipelines of Puerto Rico, Inc.* (40%)—pipe line transportation from Guayanilla to San Juan, Puerto Rico. *Venezuela Gulf Refining Company* (33%)—refining in Venezuela.

Middle East, Far East, Africa

Arabian American Oil Company (30%)—exploration, producing, transportation, refining in Saudi Arabia. *Caltex group of companies* (50%)—exploration, producing, transportation, refining, marketing in Eastern Hemisphere. *Mitsui-Texaco Chemicals Company, Ltd.* (47.5%)—manufacturing, marketing of petrochemicals in Japan. *P. T. Caltex Pacific Indonesia* (50%)—exploration, producing in Indonesia. *Texaco Africa Ltd.* (100%)—marketing in West Africa. *Texaco Canarias S.A.* (100%)—marketing in Canary Islands. *Texaco Côte d'Ivoire* (100%)—marketing in Republic of the Ivory Coast. *Texaco Ghana Petroleum Company Ltd.* (100%)—exploration in Ghana. *Texaco Guinée S.A.* (100%)—marketing in the Republic of Guinea. *Texaco Iran Ltd.* (100%)—exploration, producing, refining in Iran. *Texaco Japan Inc.* (100%)—exploration in Japan. *Texaco Korea Inc.* (100%)—exploration in Korea. *Texaco Mali Inc.* (100%)—exploration in Mali. *Texaco Maroc* (100%)—marketing in Morocco. *Texaco Mauritania Inc.* (100%)—exploration in Mauritania. *Texaco Mauritius Inc.* (100%)—exploration in Mauritius. *Texaco Niger Inc.* (100%)—exploration in Niger. *Texaco Nigeria Limited* (100%)—marketing in Nigeria. *Texaco Oil Company of Gabon* (100%)—exploration in Gabon. *Texaco Overseas (Nigeria) Petroleum Company* (100%)—exploration and production in Nigeria. *Texaco Overseas Petroleum Company* (100%)—exploration, producing in Eastern Hemisphere. *Texaco Petroleos de Angola S.A.R.L.* (100%)—exploration in Angola.

Europe

Caltex Deutschland GmbH (50%)—refining, petrochemicals in West Germany. *Caltex Oil S.A.E.* (50%)—marketing lubricants in Spain. *Caltex (Kalks) Petrol A. S.* (50%)—owns and leases marketing property in Turkey. *Caltex Petroleum S.A.F.* (49.9%)—stockholder in French refining and marketing companies. *Deutsche Texaco A.G. and subsidiaries* (96.8%)—exploration, producing, transportation, refining, petrochemicals, marketing, electric power in West Germany. *Jefferson Chemicals U.K.* (50%)—manufacturing of chemicals in United Kingdom, marketing in Europe. *Norsk Texaco Oil A/S* (100%)—marketing in Norway. *N.V. Rotterdam-Rijn Pijpleiding Maatschappij* (10%)—pipe line transportation from Europoort, Netherlands, to Raunheim, West Germany. *Rhein-Main Rohrleitung-transportgesellschaft* (15%)—pipe line transportation from Pernis, Netherlands, to Ludwigshafen, West Germany. *s.a. Texaco Belgium n.v.* (100%)—refining, petrochemicals, marketing in Belgium. *Société du Pipe-Line Sud-Européen* (4%)—pipe line transportation from Lavéra, France, to Karlsruhe, West Germany. *Texaco A.G.* (100%)—refining and marketing in Switzerland. *Texaco Austria Gesellschaft m.b.H.* (100%)—marketing in Austria. *Texaco Denmark Inc.* (100%)—exploration and producing in Denmark. *Texaco Greece Inc.* (100%)—exploration in Greece. *Texaco Greek Petroleum Company S.A.* (100%)—marketing in Greece. *Texaco Holding A/S* (100%)—marketing in Denmark. *Texaco International Financial Corporation* (100%)—financing outside United States. *Texaco (Ireland) Limited* (100%)—marketing in Ireland. *Texaco Limited and subsidiaries* (100%)—refining and marketing in United Kingdom. *Texaco Luxembourg S.A.* (100%)—marketing in Luxembourg. *Texaco Netherlands Inc.* (100%)—exploration and producing in the Netherlands. *Texaco North Sea U.K. Company* (100%)—exploration in United Kingdom. *Texaco Norway A/S* (100%)—marine transportation, worldwide. *Texaco Oil Aktiebolag* (100%)—marketing in Sweden. *Texaco Olie Maatschappij N.V.* (100%)—refining, marketing in the Netherlands. *Texaco Operations (Europe) Ltd. and subsidiaries* (100%)—refining, transportation, marketing in Europe. *Texaco Overseas Tankship Limited* (100%)—marine transportation, worldwide. *Texaco Production Norway A/S* (100%)—exploration in Norway. *Texaco Services (Europe) Ltd.* (100%)—marketing services in Europe. *Texaco S.p.A.* (100%)—marine services, marketing in Italy. *Texaco (Spain) Inc.* (100%)—exploration and producing in Spain. *Trans-Alpine Pipeline* (9%)—pipe line transportation from Trieste, Italy, to Ingolstadt and Karlsruhe, West Germany. *United Kingdom Oil Pipelines, Ltd.* (19.8%)—pipe line transportation from Thames Estuary (near London) and Liverpool to Birmingham, England.



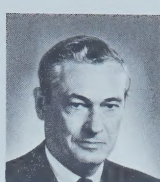
James H. Pipkin
Executive Vice President
Government Relations



Laurie W. Folmar
Senior Vice President
Eastern Hemisphere
Producing



John I. Mingay
Senior Vice President
Worldwide Marine



Annon M. Card
Senior Vice President
Strategic Planning



Kerry King
Senior Vice President
Worldwide Sales,
Public Relations
and Personnel



James W. Kinnear
Senior Vice President
Worldwide Refining,
Petrochemicals,
Supply & Distribution



Richard B. Palmer
Senior Vice President
Western Hemisphere
Producing,
Worldwide Exploration



Homer O. Woodruff
Senior Vice President
West Coast Operations



Wilford R. Young
Senior Vice President
and General Counsel

Other Officers of Texaco Inc.

*Maurice F. Granville,
Chairman of the Board
and Chief Executive Officer,
and John K. McKinley,
President,
are pictured on Page 2.*

The executive officers of Texaco Inc. are Messrs. Granville and McKinley and the men whose photographs and responsibilities appear on this page. They average 53 years in age and 27 years in service with the Company. The organization of Texaco Inc. is highly centralized with respect to the formation of policy and budget, but is decentralized in the implementation of established policies and budgeted programs. The responsibility for performance is delegated to each department of Texaco Inc. in the United States and to each Texaco company in other countries.



William S. Barrack, Jr.
Vice President
International Sales
Europe



L. Weldon Calahan
Vice President
Producing
Central United States



William J. Coppoc
Vice President
Environmental Protection



Stanley T. Crossland
Vice President
Finance & Economics



Alfred C. DeGrane, Jr.
Vice President
Producing
Eastern Hemisphere



William M. Fisher
Vice President
Sales—Chicago



Paul B. Hicks, Jr.
Vice President
Sales—United States



Otis B. Hocker
Vice President
Producing
Rocky Mountains
United States



Lebbeus C. Kemp, Jr.
Vice President
Houston



William R. Love
Vice President
and Comptroller



Eddins W. McNealy
Vice President
Refining—United States



Hugh C. Minor
Vice President
International Sales
Latin America/West Africa



Cecil J. Olmstead
Vice President
and Assistant to the
Chief Executive Officer



Max Park
Vice President
Sales—Atlanta



James W. Rawley
Vice President
Producing
Southeast United States



Roland M. Routhier
Vice President
Supply & Distribution



D. Allan Sedgwick
Vice President
Sales—Los Angeles



Robert C. Shields
Vice President
Producing
Latin America



John E. Tessieri
Vice President
Research & Technical



Peter E. Wissel
Vice President
Finance & Economics



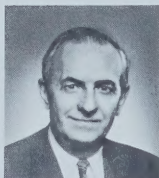
R. Earle Wright
Vice President
Gas



William J. Clayton
Secretary



Richard G. Brinkman
Treasurer



Anderson T. Leiper
General Tax Counsel

Texaco Inc. and Subsidiary Companies

Ten-Year Financial Summary

Dollar amounts in millions, except where noted

Year	Gross Income	Net Income			Dividends		Stock	Capital and Exploratory Expenditures	Taxes Paid or Accrued			
		Total	Per Share (dollars)	Per Dollar of Gross Income	Total Cash	Per Share (dollars)			Income and Operating Taxes	Import Duties and Other Levies	Taxes Collected from Consumers	Total
1971	\$8,077.3	\$903.9	\$3.32	11.2¢	\$435.7	\$1.60	—	\$1,162.2	\$644.7	\$606.7	\$1,620.5	\$2,871.9
1970	6,777.3	822.0	3.02	12.1	435.8	1.60	—	906.1	526.7	537.0	1,431.6	2,495.3
1969	6,265.3	769.8	2.83	12.3	422.3	1.55	—	791.9	374.1	512.1	1,342.1	2,228.3
1968	5,933.5	819.6	3.02	13.8	394.0	1.45	—	1,065.3	370.2	457.5	1,261.6	2,089.3
1967	5,529.6	750.5	2.77	13.6	365.6	1.35	—	893.7	322.3	441.8	1,090.2	1,854.3
1966	4,780.2	671.8	2.49	14.1	337.6	1.25	—	737.4	279.7	391.8	794.2	1,465.7
1965	4,055.9	590.9	2.19	14.6	331.3	1.23	—	718.9	209.5	331.0	707.5	1,248.0
1964	3,834.7	540.7	2.00	14.1	296.4	1.10	5%	604.8	199.7	284.4	644.4	1,128.5
1963	3,711.8	516.0	1.90	13.9	267.6	1.00	—	625.3	177.8	266.3	610.3	1,054.4
1962	3,553.4	472.2	1.76	13.3	234.1	.88	—	542.4	165.7	249.9	578.7	994.3

Financial Condition at Year-End

Year	Current Assets	Current Liabilities	Working Capital	Current Ratio	Total Assets	Long-Term Debt	Stockholders' Equity		Stockholders		Employees	
							Net Book Value	Per Share at Year-End (dollars)	Average Number of Shares Outstanding (thousands)	Number at Year-End	Number at Year-End	Payrolls and Benefits
1971	\$2,820.4	\$1,654.1	\$1,166.3	1.71	\$10,933.3	\$1,289.6	\$6,745.0	\$24.78	272,333	298,586	75,192	\$794.6
1970	2,623.1	1,504.8	1,118.3	1.74	9,923.8	1,014.8	6,279.2	23.06	272,344	283,296	73,734	705.8
1969	2,441.0	1,296.4	1,144.6	1.88	9,281.6	1,053.0	5,896.8	21.64	272,480	243,463	72,572	637.3
1968	2,349.6	1,258.1	1,091.5	1.87	8,870.2	1,095.4	5,552.1	20.38	271,640	212,082	79,843	614.3
1967	2,239.4	1,146.9	1,092.5	1.95	8,069.5	938.7	5,096.6	18.82	270,806	213,195	81,130	576.7
1966	1,997.8	1,043.9	953.9	1.91	7,270.0	739.7	4,713.1	17.41	270,316	215,283	80,711	501.5
1965	1,587.4	712.3	875.1	2.23	6,185.3	442.8	4,385.3	16.23	270,400	207,905	58,318	430.0
1964	1,544.9	628.0	916.9	2.46	5,767.6	440.2	4,144.1	15.32	270,636	189,882	57,463	410.6
1963	1,365.4	575.8	789.6	2.37	5,316.6	325.3	3,918.3	14.46	271,010	177,412	56,853	406.2
1962	1,364.5	517.1	847.4	2.64	4,941.8	318.9	3,653.3	13.66	267,654	172,061	56,565	380.4



Ten-Year Operations Summary

In thousands of barrels a day, except where noted

A financial and statistical supplement to Texaco's 1971 Annual Report will be made available to stockholders and others who request it. To obtain a copy, please write to William J. Clayton, Secretary, Texaco Inc., 135 East 42nd Street, New York, N. Y. 10017.

Worldwide—including equity in affiliates

Year	Gross Production of Crude Oil and Natural Gas Liquids			Net Production of Crude Oil and Natural Gas Liquids			Refinery Runs			Petroleum Product Sales			Natural Gas Sales (millions of cubic feet a day)
	Western Hemisphere	Eastern Hemisphere	Total World-wide	Western Hemisphere	Eastern Hemisphere	Total World-wide	Western Hemisphere	Eastern Hemisphere	Total World-wide	Western Hemisphere	Eastern Hemisphere	Total World-wide	
1971	1,332	2,184	3,516	1,144	2,131	3,275	1,573	1,310	2,883	1,680	1,460	3,140	4,181
1970	1,354	1,874	3,228	1,163	1,824	2,987	1,521	1,198	2,719	1,645	1,272	2,917	4,026
1969	1,291	1,696	2,987	1,106	1,649	2,755	1,479	1,103	2,582	1,603	1,136	2,739	3,661
1968	1,283	1,513	2,796	1,096	1,475	2,571	1,461	942	2,403	1,516	1,063	2,579	3,262
1967	1,281	1,301	2,582	1,094	1,273	2,367	1,380	804	2,184	1,391	978	2,369	2,887
1966	1,178	1,072	2,250	1,006	1,051	2,057	1,322	665	1,987	1,310	789	2,099	2,560
1965	1,094	933	2,027	934	919	1,853	1,249	593	1,842	1,225	672	1,897	2,074
1964	1,038	793	1,831	886	781	1,667	1,207	494	1,701	1,167	593	1,760	1,998
1963	989	760	1,749	845	750	1,595	1,154	438	1,592	1,111	558	1,669	1,863
1962	905	727	1,632	775	718	1,493	1,081	405	1,486	1,054	503	1,557	1,705

Texaco Inc. and Subsidiary Companies

Year	In thousands of barrels a day										
	Production of Crude Oil and Natural Gas Liquids		Refinery Runs	Refinery Crude Oil Capacity	Petroleum Product Sales	Pipe Line Deliveries	Cargo Carried by Marine Fleet	Number of Wells Drilled		Length of Pipe Lines (miles)	Tonnage of Ocean Tankers, Owned and Term Chartered
	Gross	Net						Gross	Net		
1971	1,768	1,528	1,937	2,127	2,607	2,029	2,782	1,433	1,078	7,366	12,307,933
1970	1,762	1,522	1,850	1,955	2,438	2,007	2,558	1,902	1,271	7,409	10,254,280
1969	1,681	1,450	1,801	1,850	2,316	1,956	2,605	1,494	994	7,095	7,972,233
1968	1,593	1,371	1,671	1,743	2,171	1,846	2,329	1,445	876	6,955	7,173,223
1967	1,516	1,302	1,504	1,631	1,960	1,795	1,939	1,691	1,086	6,867	5,955,572
1966	1,336	1,145	1,399	1,456	1,715	1,585	1,609	2,054	1,521	6,767	3,430,461
1965	1,188	1,016	1,291	1,363	1,531	1,449	1,456	2,064	1,570	6,668	3,196,786
1964	1,104	944	1,179	1,331	1,441	1,335	1,254	2,077	1,593	6,776	2,853,301
1963	1,041	891	1,115	1,198	1,371	1,258	1,199	2,149	1,765	6,740	2,600,580
1962	946	811	1,045	1,103	1,285	1,171	1,079	2,176	1,741	6,941	2,378,737

Texaco Inc.
135 East 42nd Street, New York, N.Y. 10017



Working to keep your trust